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# **NAVAL POSTGRADUATE SCHOOL**

## **Monterey, California**



## **THESIS**

**AN EFFECTIVENESS ANALYSIS OF THE U.S. FEDERAL  
GOVERNMENT EXECUTIVE BRANCH ETHICS POLICY  
AND PROGRAM**

by

Chanet N. Stewart

June 2003

Thesis Advisor:

R. Marshall Engelbeck

Second Reader:

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**AN EFFECTIVENESS ANALYSIS OF THE U.S. FEDERAL GOVERNMENT  
EXECUTIVE BRANCH ETHICS POLICY AND PROGRAM**

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Lieutenant, United States Navy  
B.S., United States Naval Academy, 1998

Submitted in partial fulfillment of the  
requirements for the degree of

**MASTER OF SCIENCE IN MANAGEMENT**

from the

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## **ABSTRACT**

A Principle-Agent relationship exists between employees of the U.S. Federal Government Executive Branch and the American public, where the employees represent the agent and the American public is the principle. As public servants, whether elected or non-elected, Executive Branch employees are expected to make decisions and spend tax-payer dollars in ways that promote the overall interests of the American public. Public servants regularly encounter situations that would encourage them to place their personal benefit above public benefit. The Executive Branch seeks to minimize these potential conflicts and align the agent's interests with those of the American public through a very detailed and comprehensive ethics program. This thesis sought to assess the effectiveness of the program. Historical development of the program, as well as its current components was explained. A random sample of Executive Branch employees were surveyed to assess their understanding of and compliance with the ethics program. Based on the responses provided in the survey, the researcher concluded, the Executive Branch ethics program is fairly successful in aligning its employees' interests with those of the American public. However, there are areas within the program that could be improved upon, and recommendations specific to these areas are provided at the conclusion of the thesis.



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# **I. INTRODUCTION**

## **A. AREA OF RESEARCH**

This thesis will explore historical and current efforts to overcome the challenge of externally imbuing public service officials with a standard ethical code. While the concept of an ethical public servant, motivated purely by the good of those he serves, is a universally accepted and desired construct it is often not reality. Yet, an ethically grounded public servant is a requirement for a healthy democratic society. Since this country's inception, America's leadership and its citizenry have recognized this fact and attempted through legislation to align the interests of the nation's public servants with those of the nation as a whole.

## **B. BACKGROUND DISCUSSION**

The American Government governs this country by the consent of the American people. As such, a sort of symbiotic relationship exists between Government officials and everyday Americans in that the citizens agree to submit themselves to the rule of Government as long as that Government proves itself worthy of the citizens' trust and loyalty. Subsequently, the Government's ability to effectively rule with the legitimate power entrusted to it depends on its ability to retain the trust of the American people.

The Executive Branch of the United States Federal Government is a vast, intricate, and multi-tiered organization consisting of thousands of human components that hail from different backgrounds and may abide by different personal value systems. These pre-existing conditions create an environment which could prove frustrating to any effort to get the organization to think, move, and react in ethical concert. However, if the Executive Branch expects to operate with any type of legitimate authority power base, it must overcome this obstacle and figure out a way to communicate to all its employees the importance of behaving ethically from an American citizen perspective.



The Executive Branch has sought to negate the obstacle by creating a comprehensive and detailed ethics policy. Historically, the Executive Branch has taken two bipolar approaches to dealing with ethical breeches within its ranks, either slapping the offender on the wrist and sending him on his way, a very common practice during the Andrew Jackson Administration, or creating legislation, not necessarily to punish the offender but to prevent any future occurrences of the offensive behavior (Mackenzie, 2000). As the country has aged and the American public has been provided more access to the inner-workings of the Executive Branch via television and the internet, the potential for substantially negative and severe feedback has increased exponentially. Accordingly, the “either/or” approach to addressing ethics breeches has slowly evolved into the “legislation is the only answer” approach (Mackenzie, 2000). If an official commits an action so grievous in nature so as to offend the ethical sensibilities of the American public to the extent that they cry out for punishment or change, not only will the official be punished, but his action will be banished to the realm of illegal activity.

This evolution is a reflection of the Executive Branch’s increased sensitivity to or paranoia of how the American people perceive their public servants. At some point in American political history between the Jackson administration and the Watergate scandal, unethical behavior became a liability, not only for the unethical individual, but also for whatever party, department, agency, office, etc...to which he was attached. Exposed unethical behavior became a threat, an enemy so to speak, to the survival of the Executive Branch, and all enemies must be annihilated or at the very least neutralized. As such, the Executive Branch sought to neutralize this particular threat by creating a rigid, all encompassing, impenetrable legislative barrier to unethical behavior. As Mackenzie suggested in *Scandal Proof* (2002), T. S. Elliot would say, the Branch tried to escape from the darkness outside and within by creating a system so perfect no one would need to be good. The current Executive Branch ethics

policy and its corresponding programs truly seek to prevent any type of behavior within the Executive Branch workforce which the American public would view as a violation of its trust.

## **C. RESEARCH QUESTIONS**

### **1. Primary Research Question**

The usual measure of a successful public policy is that it substantially achieves its stated objectives without generating significant, unintended, negative side effects. An unsuccessful policy is one that fails to substantially achieve its objectives or achieves some of its objectives but, in so doing, produces a new set of unanticipated problems that outweigh its benefits (Mackenzie, 2002, p. 149).

Assuming the above definition of successful/unsuccessful public policy holds true, has the Executive Branch of the United States Federal Government created a successful ethics policy for its workforce?

### **2. Secondary Research Questions**

- Do the Federal Executive Branch ethics policy and corresponding programs focus on promoting ethical conduct or deterring unethical conduct?
- What theoretical approach to ethics best supports the efforts of a government seeking to develop a public ethics program focused on deterring unethical behavior?
- What theoretical approach to ethics best supports the efforts of a government seeking to develop a public ethics program focused on promoting ethical behavior?

## **D. SCOPE OF THESIS**

While myriad definitions and interpretations of ethics exist, this thesis will only focus on ethics as defined by the Executive Branch ethics policy, a definition which will be discussed at length in Chapters II and IV of the paper. However, so as to provide a uniform foundational construct for all readers, ethical behavior will be discussed within in the context of the ethics program objective, which is to ensure decisions and activities of Executive Branch employees are neither tainted by nor appear to be tainted by any question of conflicts of interest on the

part of the employees. The thesis will focus primarily on the theoretical, creative, and driving forces behind the current ethics program as well as the implementation effectiveness of the program.

#### **1. Chapter II Summary**

Chapter II lays the foundation for the ethics policy in that it seeks to convey a basic understanding of the nature of man through an explanation of the prevalent ethical theories of Relativism, Utilitarianism, Deontology, and Normative Egoism. It then applies these theories to various decision-making models and explains how two decision-making models in particular helped to shape the current organizational framework for all Executive Branch ethics policy.

#### **2. Chapter III Summary**

Chapter III discusses the historical events and response mechanisms that helped to create and shape the modern Executive Branch ethics policy.

#### **3. Chapter IV Summary**

Chapter IV exposes the reader to the most prominent and significant statutes and regulations of the ethics policy, as well as the key components of the ethics program.

#### **4. Chapter V Summary**

The Office of Government Ethics, the agency charged with overseeing, implementing, and enforcing ethics in the Executive Branch, commissioned Arthur Andersen to conduct a comprehensive study of the Executive Branch ethics program. The results of that survey will be reviewed in Chapter V.

#### **5. Chapter VI Summary**

Chapter VI evaluates the effectiveness of the Executive Branch ethics policy and program in separating Executive Branch employees from the temptation of and acquiescence to unethical behavior. This chapter also answers the secondary research questions of the thesis as well as states recommendations and conclusions of the author.

## **E. METHODOLOGY**

The methodology used to construct this thesis consisted of three distinct actions: 1) An extensive literature search of books, professional journals and magazine articles, CD-ROM systems, government reports, and internet-based ethics-focused materials was conducted, 2) Also all current laws, regulations, executive orders, directives, and policies pertaining to U.S. Federal Government-wide and Executive Branch specific ethical standards were reviewed, and 3) Finally, a comprehensive survey directed to Executive Branch employees and designed to assess employee perspective on the ethics program data was assessed and evaluated to assist the author in determining the effectiveness of the Executive Branch ethics policy and programs.

## **F. BENEFITS OF STUDY**

This thesis will enable the executive branch employee to understand the ethical environment in which he operates. It will clarify for him what behavior is acceptable and what behavior is not acceptable. It will also assess the strengths and weakness of the policy and program and identify areas where both policy and program could be made more effective.

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## **II. EXAMINING THE LINK BETWEEN THEORETICAL ETHICS AND AMERICAN PUBLIC ADMINISTRATION ETHICS POLICY**

### **A. ETHICS AND THE INDIVIDUAL**

When Eve ate the forbidden fruit from the Tree of Knowledge of Good and Evil (Genesis 3:6), little did she realize the ripple affect her action would have across the world, both during her own time and for centuries to come. This ripple is not the curse of original sin, which is another topic for another paper, but the fomenting of an obsession to understand the essence of man, to understand his nature and his motivations. Many noted philosophers, including Thomas Hobbes, John Locke, and John Stuart Mill, have attempted to assert their opinions on the natural state of man as well as resolve questions concerning appropriate action when an individual's self-interests run counter to the interests of the larger society.

Although these issues have been the source of much research and debate, do they warrant the intense scrutiny and observation awarded them? History generally says "yes", as no man lives in a vacuum. As Sir Isaac Newton, the noted mathematician and physicist stated in his third law of motion, "Every action has an equal and opposite reaction" (The Physics Classroom, 2003). By extrapolation, every action based on self-interest has an equal and opposite reaction. As Eve would most assuredly avow if she could, one seemingly inconsequential, insignificant action can generate a ripple of consequence that will be felt by hundreds of people for thousands of years. This idea takes on even more importance when placed in the context of a democratic, publicly administrated society, where literally, one person's pen-stroke could change the lives of millions of people. In this light, understanding why people do what they do assumes just as much importance as neutralizing or realigning individual interests that may oppose and prove deleterious to the interests of society at large.

## **B. OVERVIEW OF HISTORICALLY SIGNIFICANT ETHICAL THEORIES**

Over time efforts to address these issues resulted in the creation of a field of study commonly referred to as ethical philosophy. The origin of the word “ethics” can be traced back to the Greek “ethos”, which means custom or way (Gould, 2003). It describes how a particular society conditions its citizens to behave, even when no laws apply to a particular situation (Gould, 2003). Philosophy involves the critical analysis of fundamental assumptions or beliefs (Merriam-Webster’s Collegiate Dictionary, 1993). Hence, ethical philosophy examines human character and motivation through a society’s systems, ideas, and principles, and is used to make judgments about right/wrong/good/bad things as those words are defined by a particular society (Ethics Compendium, 2003). Not surprisingly countless individual research endeavors, executed over a span of centuries, have yielded multiple assessments on man’s internal motivation. Several of the more prominent and relevant results are discussed in the following sections.

### **1. Ethical Relativism**

Ethical relativism states that ethics are strictly situational. They depend on the relevant individual, culture, or tradition. This outlook concludes there are no absolute ethical principles because what may be right for one person/group may not be right for another. Thomas Hobbes asserted, in his 1651 political and social treatise, Leviathan, that a man who has not subjected himself to the rule of society has natural rights to equity, justice, modesty, and mercy and as such has the authority to take whatever action is required to claim his natural rights (Knoebel, 1988). Based on this principle, one could insert Hobbes into the ethical relativist category and conceivably were he alive today, Hobbes would agree with the following statement: The right thing to do is whatever is right for you (Hartson, 2002).

### **2. Utilitarian Ethics**

One who adheres to this school of thought believes that an ethical person would act to achieve the greatest good for the greatest number. It places public good over private good and subjugates possible harm to the minority to potential

benefits for the majority. John Stuart Mill asserted in his 1861 Utilitarianism, that the ultimate end of man is an existence exempt as far as possible from pain, and as rich as possible in enjoyments (Knoebel, 1988). A person holding to the utilitarian value system and pursuing his happiness would be able to justify, in his mind, any action required to obtain that happiness.

### **3. Deontological Ethics**

Deontological ethics stem from the writings of Immanuel Kant and are often seen as the antithesis of utilitarian ethics. Deontology asserts a moral or categorical imperative that demands a specific action always be taken regardless of the desired or predictable end result. This theory affirms man's basic rights to privacy, personal safety, and truth. A deontologist would tell anyone faced with an ethical dilemma, that the means justify the end, and to do what is right, even if the world should perish (Hartson, 2002, p. 3).

### **4. Normative Egoism**

The egoist or existentialist would confess to having no moral obligations to anyone else. He believes only his interests count in deciding what course of action to take, and would feel no compunction to adhere to any code of conduct but his own (Perry, 2000). The most influential exponent of existentialism is Jean Paul Sartre who asserted in a 1945 lecture, that no higher-level absolute moral being exists. Humans create all values and assign them whatever meaning they have (Knoebel, 1988). An existentialist feels he is accountable to himself and no one else.

## **C. PUTTING THEORY IN PRACTICE**

The ethical theories of human motivation explained in the previous section of this chapter provide a comprehensive snapshot of the most prevalent dictums upon which people stand when justifying their actions. However, if the goal is to realign or neutralize an individual's self-interest, merely understanding his motivation is not sufficient. One must also understand how these motivations are incorporated into his decision making process. The five ethics-based decision-making approaches described in the following sections will provide more insight into this area (Velasquez, 2002).



### **1. Utilitarian Approach**

The utilitarian analytic approach to decision-making, developed by the 19<sup>th</sup> century philosophers John Stuart Mill and Jeremy Bentham, is based upon the utilitarian theory of ethics (Polanyi, 2003). A proponent of this approach would address ethical issues by: 1) identifying the various courses of action available, 2) determining who would be affected by each action, 3) assessing the magnitude and extent of potential harm or benefit, and 4) making the decision that would produce the greatest benefit and generate the least harm.

### **2. The Rights Approach**

This approach, rooted in deontology and the writings of Immanuel Kant, asserts that man has four basic rights. Those rights include, the right to privacy, right to be told the truth, right to live free of physical and mental anguish, and the right to expect promises to be kept. A decision-maker utilizing the rights approach would not think to force someone to do something against his will and would use one supreme criterion to assess his decision options. Whatever action he chose would have to respect the moral rights of everyone involved. Proponents of the rights approach assign value to their actions by the extent to which the basic rights of others are violated, the more grievous the violation, the less palatable the action (Garofalo, 2002).

### **3. The Fairness or Justice Approach**

The fairness or justice approach to ethics is rooted in the teachings of Aristotle and views decision possibilities through a favoritism/discrimination prism. Favoritism, giving someone an undue reward without justification, and discrimination, penalizing someone without justification, are viewed as detractors from decision validity. A decision-maker utilizing this approach would ask himself: 1) how fair is this action and 2) does it treat everyone the same way (Garofalo, 2002)?

### **4. The Common-Good Approach**

The common-good approach to ethics, which originated in the writings of Plato and other Ancient Greek philosophers, assumes society is comprised of individuals whose own interests are inextricably linked to the interests of society.

It focuses on ensuring that social policies, social systems, institutions, and the integral environment external to the society benefit all members of the society. This approach urges the decision maker to view himself as part of a larger community and to weigh the impact of his decisions upon the community as a whole (Garofalo, 2002).

## **5. The Virtue Approach**

The fifth and final decision making approach appeals to self-actualized people. It assumes there are certain ideals geared toward the full development of humanity for which all men should strive. This approach makes the assertion that virtues are virtual reflections of man's state of self-awareness and tools/reflectors/indicators to assist man in his journey to reach self-actualization.

A proponent of this approach sees acquired virtues as innate characteristics of a person. As such, the virtuous person will be an ethical person. A virtue approach adherent faced with an ethical dilemma would contemplate the following questions before making a decision. What kind of person should I be? What decision will promote character development within the community and within me?

The previous sections of this chapter have discussed the different prevalent ethical theories that attempt to explain how individuals are motivated. Thus far, the paper has also discussed how an individual's belief system affects his decisions as to the wrongness or rightness of an action. It is now time to examine how a government approaches aggregate ethics. For the purposes of this thesis, only the American approach to enforcing an ethical standard in its workforce will be examined, explained, and critiqued.

## **D. LEGISLATING ETHICS**

The Executive Branch of the U.S. Federal Government has chosen to build its ethical foundation upon congressional legislation. However, former Chief Justice Warren believed society would come to ruin without ethics, which he asserted are "unenforceable in the courts, and cannot be incorporated in law" (Hartson, 2002, p. 1). Professor Allen King takes this premise one step further in a 1990 *George Washington Law Review* article by declaring:

Too great a reliance on legal regulation can have side effects like a drug too frequently used. By converting ethical problems into legal ones, the law becomes the sole judge of propriety. What can be done becomes what should be done. If what is legal continues to seem improper, additional conduct is made illegal, reinforcing the perception that what is legal constitutes what is proper. Soon ethics has limited significance apart from legal command and enforcement structures and sanctions become increasingly important (Filbert, 1998, p. 124).

The European Congress also supported this position during its 1998 Conference on Ethics and Employment in Public Service when it asserted that,

Ethics are more than rules, orders, and prohibitions...what will be the use of proclaiming laws when the morals to live up to these laws are not available? So ethics are above all a way of thinking and a way of living, rather than a long list of what can and cannot be done (Eurofedop Congress, 1998, p. 5).

However, Hammurabi, the renowned 2500 BC ruler of Babylon disagreed with the above assertions. He believed ethics could be legislated and proceeded to prove his beliefs by creating one of the most extensive and comprehensive set of laws known to man, Hammurabi's Code (King, 2003). The code addressed all areas of life from economics, to religion, to marriage, and of course ethics. Examples of the code include the following:

Code 21 - If anyone break a hole into a house (break in to steal), he shall be put to death before that hole and be buried (3),

Code 22 – If anyone is committing a robbery and is caught, then he shall be put to death (3),

Code 196– If a man put out the eye of another man, his eye shall be put out (9),

Code 197 – If he break another man's bone, his bone shall be broken (9), and

Code 200 - If a man knock out the teeth of his equal, his teeth shall be knocked out (9).

The U.S. Federal Government Executive Branch agrees with Hammurabi and has also elected to use legislation as its vehicle of choice for creating and enforcing ethics in its workforce. This predilection can be attributed in no small part to the bureaucratic foundation of the American public administration system.

#### **E. FOUNDATION OF AMERICA'S PUBLIC ETHICS SYSTEM**

Credit for the current structure of the American federal government can be attributed to the German sociologist, Max Weber, who conceived and designed the template for a bureaucratic organization. This template focuses on five factors Weber deemed critical to organizational performance and effectiveness. The factors include selection and promotion criteria, hierarchy of authority, rules and regulations, division of labor, and written documentation (Hollenbeck, 1998).

Accordingly, the skeletal backbone of America's public administration ethics system can be traced to a nineteenth century anti-corruption prescription, bureaucratic ethics and the more recent development of democratic ethics. The bureaucratic ethics framework promotes efficiency, efficacy, expertise, loyalty, and accountability as desired outputs from public administration personnel. It is founded in scientific management theory, a brainchild of the noted organizational behavioral analyst Fredrick W. Taylor (Bowman, 1990). Systems management argues that proper management will yield profitability and survivability and views public administration personnel, or civil servants, as cogs in a machine (Hollenbeck, 1998). As such, the only requirement for generating the desired output of administration-defined ethical behavior would be to provide the correct input - well defined tasks with prescribed punishments for failure and assurance of accountability to hierarchical leadership. Bureaucratic ethics demands civil servants be forcibly bound to rules (European Federation Congress, 2003).

The democratic ethics framework on the other hand cannot be traced back to one single philosophical movement. Vice the more machine-like, unemotional values of the bureaucratic ethics framework, the values of the democratic ethics framework target man's emotions. Its values are grounded in the ideals of: 1) promoting/supporting regime values/priorities, 2) citizenship - the ideal of a citizenry informed about the government and active in its operation, 3) public

interest – the notion of objectively disinterested, rational, clear-sighted decision-makers who rank society's interests above their own private interests, and 4) social equity - seeking to live honestly, harm none, and render every man his due. Social equity involves a predator-like pursuit of the golden rule.

#### **F. SUMMARY**

The need to understand man's motivations has generated intense and expansive research since the beginning of recorded time. The fruits of those research efforts are four prominent ethical theories – relativism, utilitarianism, deontology, and normative egoism - and five prevailing decision-making paradigms – the Utilitarian Approach, the Rights Approach, the Fairness Approach, the Common-Good Approach, and the Virtue Approach.

Throughout history, philosophers, rulers, educators, and historians alike have debated the issue of whether or not ethics can be legislated. The American Federal Government insists that ethics can be legislated. As such, the Executive Branch ethics policy is built primarily upon a bureaucratic foundation and adheres to the Common-Good and Fairness Approaches of ethical decision-making.

### **III. HISTORICAL REVIEW OF SIGNIFICANT MILESTONES IN THE DEVELOPMENT OF THE EXECUTIVE BRANCH ETHICS POLICY**

#### **A. INTRODUCTION**

The U.S. public administration ethics system has been hailed as the most extensive network of laws, regulations, and oversight mechanisms ever to exist in any country in the history of the world. The network has developed over a period of almost 200 years. From the early 1800's to the mid 1950's efforts to regulate government ethics were sparing and often generated in specific response to sporadic, yet highly publicized corruption scandals. However, toward the late 1970's a demand for formalized, universal, federal ethics regulation emerged. This demand was generated in large part by the Watergate Scandal of 1972 - 1975 (Lewis, 2003). As government, and its economic impact on everyday Americans, grew the ethical actions and motivations of public administration officials came under closer scrutiny. When the ethical line was crossed, when private interest was placed above public interest, the federal government responded by drawing the line more clearly and by imposing new laws and rules to fortify it. Those efforts accumulated and grew into the most elaborate system of ethics regulations ever devised by any national government.

#### **B. ETHICS REFORMS: 1800'S-1950'S**

A post office scandal during Andrew Jackson's first term of office as President of the United States inspired Postmaster Amos Kendall to produce the first code of ethics for any government agency in 1829. After the Mexican American War of 1846, Congress passed a statute which obligated its members to appropriate funds to pay any valid claim filed by a citizen showing that federal troops has destroyed private property. Claimants would often enlist the aid of a Congressman or other well-placed government official in pursuing the claim. Acting as agents for these claims enabled government employees to supplement their incomes, but the practice soon grew out of control, and in 1853, Congress passed a law prohibiting all federal employees from representing any private

claim before the government. This was the first example of what would later become a host of laws enacted to define the boundaries of ethical behavior for federal employees (Mackenzie, 2002).

When the federal government agreed to provide weapons and supplies for the Union forces in the Civil War, this unprecedented undertaking proffered unprecedented opportunities for government corruption (Mackenzie, 2002). The supply system for fielding, equipping, and supplying Union Forces was riddled with payoffs, kickbacks, and rip-offs. Middlemen bribed public officials to get contracts for their clients. Vessels chartered by the government never left port, and goods delivered under government contract often fell far short of the negotiated standards. In 1864, in the face of ample evidence of bribery, graft, and other indicators of federal employees receiving compensation for helping private businesses secure government contracts, Congress enacted new legislation prohibiting all officers and employees of the federal government from receiving compensation for services they might provide to any private citizen in any matter pending before the government. After revelations of significant profiteering during the Civil War, Congress issued a new statute which prohibited federal officials from accepting compensation in exchange for aid to private citizens, in matters where the United States was a party. One member of a House investigating committee concluded that “such gross and unblushing frauds would have cost those who participated in them their heads under any system than our own (Mackenzie, 2002, p. 55).

A reform movement birthed in late 19<sup>th</sup> century America attempted to address the pervasiveness of the spoils system which, “invited...personal corruption, and placed...power...in the hands of persons who used and manipulated that power for their own gain....and subjected citizens to...inefficient...abusive government...”. The movement resulted in the passage of the Civil Service Act of 1883, which sought to create politically neutral public employees by emphasizing competence and professionalism vice loyalty to the administration in office.

The progressive era also yielded new ethics regulations, mostly in response to corruption that occurred during World War I (WWI). In 1917 Congress enacted a government-wide policy prohibiting any federal employee from accepting a salary from a non-government source, a policy which eventually came to be known as the supplementation of salary ban and remains in effect to this day (Mackenzie, 2002). The policy was intended to ensure that the decision of federal employees were not biased or otherwise unduly influenced by their non-government sponsors. WWI also created opportunities for federal employees to profit from their access to secret government information. For example, a company seeking contracts with the War Department and willing to pay for information about the department's future procurement plans, would attempt to entice knowledgeable public servants to reveal that information by promising them employment after they left public service. Recognizing that this created unfair advantages for certain companies and undue pressure on government employees, Congress prohibited former federal employees from representing outside interests before their former agencies for two years after they left government service (Mackenzie, 2002).

As government expanded during the 1930s and 1940s, the task of monitoring government ethics grew more complicated. More government employees were engaged in a broader range of activities that intersected much more often with powerful economic interests than even before. Public outcry for enforcement of ethics in the civil servant corps increased. In response to this outcry, President Harry S. Truman issued a message to Congress, in September 1951, on proposed ethical standards for public employees. It recommended passing legislation which would subject public officials to a number of ethical restraints, the most significant of which being a requirement for certain public officials to make a full and public disclosure of their finances. In the message, Truman asserted that



Public office is a privilege, not a right, and people who accept the privilege of holding office in the Government must of necessity accept that their entire conduct should be open to inspection by the people they are serving. With all the questions that are being raised today about the probity and honesty of public officials, I think all of us should be prepared to place the facts about our income on the public record. We should be willing to do this in the public interest, if the requirement is applied equally and fairly to the officials of all three branches of our Government (Mackenzie, 2002, p. 18).

Political infighting prevented Truman's recommendation from becoming law, however his message set the stage for the major ethical reforms that were to be woven into America's legislative fabric in the oncoming decades. Truman's efforts to legislate and formalize ethics within the federal government marked a new awareness of the need to create a buffer or defensive perimeter between the public official and the ubiquitous temptations to abuse his office and the trust of the American people.

### **C. ETHICS REFORMS OF THE 1960'S**

When John F. Kennedy took office in 1960, no standardized ethical guidelines governed the Executive Branch, and more than a century's worth of situational, reflexively unmediated responses to individual ethics controversies had produced an amalgamation of ethics laws that could reasonably be characterized as inconsistent, overlapping, and in some cases contradictory. A study, initiated by the Association of the Bar of the City of New York, called attention to the problem and identified the need for a comprehensive federal review of ethics laws. Largely in response to the recommendations of the study, President John F. Kennedy appointed a three-member Advisory Panel on Ethics and Conflict of Interest in Government to investigate the problems raised by the New York Bar Association (Association of Bar of New York City, 1960). As a result of the report submitted by the panel, President Kennedy sent a message to Congress in March 1961, calling for new legislation to insert coherency and relevancy in the conflict of interest and other existing ethics statutes. "No responsibility of government is more fundamental," Kennedy declared in his message to Congress,

than the responsibility of maintaining the highest standards of ethical behavior by those who conduct the public business. There can be no dissent from the principle that all officials must act with unwavering integrity, absolute impartiality and complete devotion to the public interest (Mackenzie, 2002, p. 22).

President Kennedy's initiative represented a shift in American public ethics management theory, a shift which yielded less reliance on individual discretion and more reliance on absolute rules and strict enforcement of those rules, leading one public official to note that,

Rule-driven ethics had a number of advantages over character focused ethics. Rules could be written down and explained...ambiguity eliminated...investigatory and adjudicatory procedures...used to resolve disputes over compliance (Mackenzie, 2002, p. 23).

On May 5, 1961, President Kennedy issued Executive Order 10939 which prohibited federal employees from engaging in outside employment inconsistent with their public duties, from receiving non-government compensation for any activity that fell within the normal scope of their duties, and from accepting gifts when they had reason to believe the donor's interests might be affected by the actions of the employee's agency.

When Lyndon B. Johnson assumed the mantle of President after Kennedy's assigation, he continued to promote the type of ethical reform Kennedy had championed. On May 8, 1965, Johnson issued Executive Order 11222, which mandated that federal employees were to not only avoid legally specified conflicts of interest and abuses of office, but any action or behavior that would appear to be in conflict of the public interest (Mackenzie, 2002). In the executive order, Johnson described categories of actions to be avoided as reflected in the following excerpt from Executive Order 11222.

It is the intent of this section that employees avoid any action, whether or nor specifically prohibited which might result in, or create the appearance of: 1) using public office for private gain; 2) giving preferential treatment to any organization or person; 3) impending government efficiency or economy; 4) losing complete independence or impartiality of action; 5) making a government

decision outside official channels; 6) affecting adversely the confidence of the public in the integrity of the Government (Mackenzie, 2002, p. 25).

The 1965 executive order also instituted the confidential reporting requirement which was applicable to all presidential appointees and certain other agency-specific employees. Personnel subject to this requirement were directed to disclose the details of their personal finances to officials designated within their agency and told that this requirement would assist them in avoiding potential conflicts by compelling them to submit to periodic reviews of their own financial obligations. These obligations would be assessed by an ethics counselor who could ostensibly notify the employees of any potential conflicts.

#### **D. ETHICS REFORMS OF THE 1970'S**

Until 1972, the new ethics regulations initiated by Presidents Kennedy and Johnson seemed to prove effective in eliciting ethical behavior from Executive Branch employees. The Kennedy and Johnson administration years passed without any significant ethical scandals. Then came the Watergate scandal. The Watergate scandal proved to be a pivotal event in American ethical history. It generated an entirely new culture of ethics regulations concerning federal employees. The new culture assumed the worst of public administration officials and sought to anticipate any and all possible ethical violations and prescribe remedies for them. Depending on one's perspective, the demonically driven or divinely inspired resolve to avert any more Watergates proliferated a meticulously comprehensive set of "Thou shalt not's" and an elaborate network of procedures designed to deal with the remotest of threats to public trust.

While the Watergate footprint upon American public administration ethics is indisputably permanent, its most destructive ramification was the germination of the "post-Watergate mentality", a paradigm birthed in the wake of the scandal and thriving today (Mackenzie, 2002). This mentality affects all Executive Branch employees, regardless of whether or not they stray off the ethical straight-and-narrow path, and conveys four distinct principles.

- First, public servants are suspect. Good character cannot be assumed to exist within them, especially when they are given responsibility for managing large federal programs with enormous budgets. Such responsibilities teem with the temptation to place personal interests above public interest. As such, an impenetrable legal system must be constructed to protect the public interest from the self-interests of public servants.
- Taking measures to protect the American people from the most common forms of ethical breeches is not enough to defeat the specter of unethical behavior. Laws must be instituted to protect against all possible breakdowns of public integrity. Rules must anticipate, not best-case or even normal-case behavior, but worst-case behavior. Public employees must be prohibited from earning any income outside of their government salary, not just income from sources that pose a potential conflict of interest with their public duties.
- The law is the only reliable safeguard against the innately venial instincts of public administration officials. Instruction, encouragement, and guidance, have proved insufficient in ensuring a satisfactory level of public integrity. Only strict and detailed laws, accompanied by criminal sanctions, will provide the public the protection it needs from the corrupt nature of its own public servants.
- To ensure Executive Branch employees are not shadowed by the specter of unethical behavior, a new corps of regulators who are specialists in the ethics laws, free of other distractions, and equipped with budgets and resources to investigate and prosecute any possible violation of the public trust, must be mobilized (Mackenzie, 2002).

President Jimmy Carter ensured the ethical fever surrounding Watergate would not wane with time when he signed Public Law 95-521, more commonly known as the Ethics in Government Act, into existence on October 26, 1978. Six principles served as the foundation of the act:

- Transparency is critical to deterrence. The more the public knows about its government leaders, especially about their financial interests, the less likely they are to use positions of authority to enrich themselves improperly.
- Government leaders need careful definition and constant reminders of what constitutes a conflict of interest or abuse of office. Professional ethics counselors should review each official's financial holdings every year to detect and cure potential conflicts of interest.

- All government officials, regardless of specific duties, should be subject to the same requirements of transparency and scrutiny.
- The personal finances of immediate family members of government officials should be subject to much the same transparency and scrutiny as the officials' themselves.
- When officials leave the government, rigid constraints should be placed on subsequent activities that might influence their former agency or government colleagues.
- Permanent agencies should manage ethics regulation, and when charges are leveled at incumbent officials, special procedures must be followed because the normal enforcement authorities cannot be trusted to investigate impartially (Mackenzie, 2002).

The Ethics in Government Act translated the principles of the post-Watergate mentality into practical applications, which will be discussed in further detail in Chapter IV of this thesis. It also created the Office of Government Ethics (OGE) as an extension of the Office of Personnel Management (OPM). OGE was charged with developing ethics policy for the Executive Branch, training the workforce, and monitoring agency compliance with ethics policy. The agency serves a crucial role in the Executive Branch ethics program and will be discussed at length in Chapter IV.

## **E. ETHICS REFORMS OF THE 1980'S**

During the 1980's, Congress passed two pieces of legislation significant to ethics policy and policy implementation in the Executive Branch, The Office of Government Ethics Reauthorization Act of 1988 and the Ethics Reform Act of 1989. The Office of Government Ethics Reauthorization Act of 1988 removed OGE from the OPM umbrella and established the office as a stand-alone agency. The Ethics Reform Act of 1989 expanded the scope of post-employment restrictions levied upon federal employees and made those restrictions applicable to a larger pool of employees. It also introduced specific bans on efforts to represent foreign governments or seek influence in trade or treaty negotiations. The Act established the Confidential Financial Disclosure System, which requires specific, less senior, executive branch employees to disclose information about their financial status. This system broadened the scope of

financial reporting requirements and will be discussed in further detail in Chapter IV. The Ethics Reform Act also tightened gift acceptance rules and restrictions on subsidized travel, barred all federal employees from receiving honoraria for any purpose while employed by the government, and stipulated that senior federal employees could earn no more than 15 percent of their salaries in outside earned income (Office of Government Ethics, 1998).

#### **F. ETHICS REFORMS OF THE 1990'S**

On January 25, 1989, President George H. Bush commissioned the President's Commission on Federal Ethics Law Reform. He charged the Commission with: 1) reviewing the existing Federal ethics laws, Executive Orders, and individual agency ethics policies, 2) identifying areas in need of reform, and 3) making recommendations to reform these areas. On March 9, 1989, the Commission issued a report which made twenty-seven recommendations for changes to the existing Executive Branch ethics legislative and oversight structure. The most significant of these regulations recommended compiling all existing agency regulations into a single, comprehensive, centralized, objective, reasonable, enforceable, and clear set of executive branch standards of conduct (President's Commission on Federal Ethics Law Reform, 1989). On April 12, 1989, President Bush issued Executive Order 12674, which became effective October 17, 1990 and established 14 ethical principles on which ethical conduct standards for Executive Branch employees would be based. The Office of Government Ethics brought these principles to life and made the panel's recommendation reality on February 3, 1993, with the issuance of the Standards of Ethical Conduct for Employees of the Executive Branch, a comprehensive ethics regulation applicable to all employees of the executive branch (Office of Government Ethics, 1994). It incorporated the criminal conflict of interest statutes and sets forth numerous other standards of conduct for dealing with gifts from sources outside the federal government, as well as gifts between federal employees, conflicting financial interests, impartiality in performing official duties, seeking other employment, and pursuing other outside activities. It also requires government agencies to initiate appropriate disciplinary

or corrective action in individual cases and authorizes federal agencies to issue regulations supplementing its provisions as well. The standards of ethical conduct were codified in title 5, part 2635 of the Code of Federal Regulations and Part 48, Section 3.104 of the Federal Acquisition Regulation (President's Commission on Federal Ethics Law Reform, 1989). The Procurement Integrity Act of the FAR, Part 48, Section 3.104, is built upon the same basic premise, but of course tailors its prescriptions and provisions to contracting and procurement personnel.

#### **G. CHAPTER SUMMARY**

Improvements in mass media technology during the 1950's improved the American public's ability to keep itself abreast of the machinations of its public officials. This increased public access to the actions and decisions of federal public officials made it more difficult for unethical behavior to go undiscovered and more necessary to depict the federal government as a bastion of morality. The Kennedy, Johnson, Carter, and Bush (the senior) administrations, which are largely responsible for the Executive Branch ethics policy and program in place today, chose to reassure the American people that their faith was correctly placed in the government by building a legislative wall, a defensive perimeter of sorts around Executive Branch employees, to place unethical behavior beyond their grasp.

OGE was charged with overseeing the Executive Branch ethics policy and program. The agency holds the daunting task of implementing all the regulations and statutes that comprise Executive Branch ethics policy. Both the policy and the program are explained in the following chapter.

## **IV. UNDERSTANDING THE CURRENT EXECUTIVE BRANCH ETHICS PROGRAM**

### **A. INTRODUCTION**

The American psyche toward ethics in its public sector has slowly evolved from, “public servants can be trusted to do the right thing,” to “public servants can be expected to do the wrong thing, if the choice is left to them.” As such, the current ethics legislative policy, which is applicable to every member of the executive branch, seeks to provide employees with an unequivocal answer to almost every conceivable situation which might provide an opportunity to damage the public’s trust in its public servants. The current Executive Branch ethics policy is an amalgamation of various statutes, executive orders, and regulations, but rests on the bedrocks of the United States Code, Title 18, Chapter 11 – Conflict of Interest Statutes and the Code of Federal Regulation, Title 5, Part 2600 - Government Ethics Regulations (Office of Government Ethics, 2002). The more prominent statutes, executive orders, and regulations are listed below, but for the purposes of this thesis, only the Standards of Ethical Conduct, 5 CFR Part 2635, and punishments associated with violations of the Title 18 Conflict of Interest statutes will be explained in detail.

### **B. APPLICABLE STATUTES, EXECUTIVE ORDERS, AND REGULATIONS**

The statutes and regulations listed below provide peripheral contributions to the Executive Branch’s efforts to prevent unethical behavior (Office of Government Ethics, 2002).

- 5 U.S.C. Sec. 101 – (Title I of the Ethics in Government Act, as amended) Public financial disclosure requirements
- 5 U.S.C. Sec. 401 - (Title IV of the Ethics in Government Act, as amended) Office of Government Ethics
- 5 U.S.C. Sec. 501 and 502 - Outside earned income limitation, honoraria prohibition and outside employment limitations
- 5 U.S.C. Sec. 7351 - Prohibition against gifts to superiors
- 5 U.S.C. Sec. 7353 - Prohibition against solicitation or receipt of gifts



- 26 U.S.C. Sec. 1043 - Sale of property to comply with conflict of interest
- requirements
- 28 U.S.C. Sec. - 594(j) Independent Counsel restrictions
- 31 U.S.C. Sec. 1353 - Acceptance of travel and related expenses from non-Federal sources
- Executive Order 11222, broadened conflict of interest scope to include the appearance standard
- Executive Order 12674, as modified directs OGE to establish a single, comprehensive, and clear set of Executive Branch Standards of Conduct based on 14 Guiding Principles
- 41 C.F.R. Part 304-1 - Travel Payments from Non–Federal Sources
- 48 C.F.R. 3.104 - Procurement Integrity

### **C. CORE OF EXECUTIVE BRANCH ETHICS PROGRAM**

While myriad statutes and regulations dictate in some way the ethical behavior of Executive Branch Employees, two sets of legislation provide the bulk of the foundation for the program. The set includes Part 2635 of 5 CFR, which sets the standards of ethical behavior, and Title 18 U.S.C., which prescribes punitive punishments for violations of the standards.

### **D. TITLE 5, CODE OF FEDERAL REGULATIONS**

Title 5 of the Code of Federal Regulations contains seven parts that shape the ethical parameters for acceptable and unacceptable employee behavior. These sections are listed below.

- Part 2634 - Financial Disclosure, Blind Trusts and Certificates of Divestiture
- Part 2635 - Standards of Ethical Conduct for Executive Branch Employees
- Part 2636 - Limitations on Outside Employment and Outside Earned Income and Prohibition of Honoraria
- Part 2637 - Post-employment pre-1/1/91
- Part 2638 - Office of Government Ethics
- Part 2640 - Interpretation, Exemptions and Waiver Guidance Concerning
- Part 2641 – Post employment conflict of interest restrictions

The most important of these parts, the Standards of Ethical Conduct for Executive Branch Employees, is derived from the 14 Guiding Principles established by President Bush in Executive Order 12674 and attempts to address every conceivable scenario in which a public servant might find his personal interests running counter to the public's interests.

#### **E. STANDARDS OF CONDUCT, 5 C.F.R. 2635**

Part 2635 lists the Guiding Principles and tackles the topics of: 1) Gifts from Outside Sources, 2) Gifts Between Employees, 3) Conflicting Financial Interests, 4) Impartiality in Performing Official Duties, 5) Seeking Other Employment, 6) Misuse of Position, and 7) Participation in Outside Activities. The principles are listed and the topics summarized in the following sections

- Guiding Principles (Office of Government Ethics, 1994).
  - Public service is a public trust, requiring employees to place loyalty to the Constitution, the laws and ethical principles above private gain.
  - Employees shall not hold financial interests that conflict with the conscientious performance of duty.
  - Employees shall not engage in financial transactions using nonpublic Government information or allow the improper use of such information to further any private interest.
  - An employee shall not, except as permitted, solicit or accept any gift or other item of monetary value from any person or entity seeking official action from, doing business with, or conducting activities regulated by the performance or nonperformance of the employee's duties.
  - Employees shall put forth honest effort in the performance of their duties.
  - Employees shall not knowingly make unauthorized commitments or promises of any kind purporting to bind the Government.
  - Employees shall not use public office for private gain.
  - Employees shall act impartially and not give preferential treatment to any private organization or individual.
  - Employees shall protect and conserve Federal property and shall not use it for other than authorized activities.

- Employees shall not engage in outside employment or activities, including seeking or negotiating for employment, that conflict with official Government duties and responsibilities.
- Employees shall disclose waste, fraud, abuse, and corruption to appropriate authorities.
- Employees shall satisfy in good faith their obligations as citizens, including all just financial obligations, especially those-such as Federal, State or local taxes-that are imposed by law.
- Employees shall adhere to all laws and regulations that provide equal opportunity for all Americans regardless of race, color, religion, sex, national origin, age, or handicap.
- Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards set forth in this part. Whether particular circumstances create an appearance that the law or these standards have been violated shall be determined from the perspective of a reasonable person with knowledge of the relevant facts.
- Gifts from Outside Sources— 5 C.F.R. 2635.201

Government employees are prohibited from soliciting or accepting any gift from a prohibited source or any gift given because of the employee's official position, unless the item is excluded from the definition of a gift or falls within one of the following exceptions. Gifts do not include (Office of Government Ethics 2002):

- Modest items of food and refreshments, such as soft drinks, coffee and donuts, offered other than as a part of a meal;
- Greeting Cards and items with little intrinsic value such as plaques, certificates, and trophies which are intended for solely for presentation.
- Loans from banks and other financial institutions on terms generally available to the public
- Opportunities and benefits, including favorable rates and commercial discounts, available to the public or to a class consisting of all Government employees or all uniformed military personnel, whether or not restricted on the basis of geographic considerations

- Rewards and prizes given to competitors in contests or events, including random drawings, open to the public unless the employee's entry into the contest or event is required as part of his official duties;
- Pension and other benefits resulting from continued participation in an employee welfare and benefits plan maintained by a former employee;
- Anything which is paid for by the Government or secured by the Government under Government contract
- Any gift accepted by the Government under specific statutory authority
- Anything for which market value is paid by the employee
- Gifts of \$20 or less
- Gifts based on a personal relationship.
- Discounts and similar benefits.
- Awards and honorary degrees
- Social invitations from persons other than prohibited sources
- Gifts Between Employees - 2635.301

Government employees are prohibited from giving, donating to, or soliciting contributions for, a gift to an official superior and from accepting a gift from an employee receiving less pay than himself, unless the item is excluded from the definition of a gift or falls within one of the exceptions.

- Gifts to superiors. Generally, an employee may not give or make a contribution towards a gift for an official superior or solicit a contribution from another employee for a gift to either a superior.
- Gifts from employees receiving less pay. Generally, an employee may not accept a gift from an employee receiving less pay than himself unless, the two employees are not in a subordinate official superior relationship, and there is a personal relationship between the two employees that would justify the gift.
- Exceptions

On an occasional basis, including any occasion on which gifts are traditionally given or exchanged, the following may be given to an official superior or accepted from a subordinate or other employee receiving less pay:

- General exceptions
  - Items other than cash with an aggregate market value of \$10 or less per occasion;
  - items such as food and refreshments to be shared in the office among several employees;
  - Personal hospitality provided at a residence which is of a type and value customarily provided by the employee to personal friends, and
  - Items given in connection with the receipt of personal hospitality if of a type and value customarily given on such occasions.
- Special, infrequent occasions. A gift appropriate to the occasion may be given to an official superior or accepted from a subordinate or other employee receiving less pay:
  - In recognition of infrequently occurring occasions of personal significance such as marriage, illness, or the birth or adoption of a child; or
  - Upon occasions that terminate a subordinate-official superior relationship, such as retirement, resignation, or transfer.

#### **1. Conflicting Financial Interests - 2635.401**

An employee is prohibited by criminal statute, 18 U.S.C. 208, from participating personally and substantially in an official capacity in any particular matter in which to his knowledge, he or any person whose interests are imputed to him has a financial interest, if the particular matter will have a direct and predictable effect on that interest. An employee shall not acquire or hold any financial interest that he is prohibited from acquiring or holding by statute, by agency regulation, or by reason of an agency determination of substantial conflict. An employee is prohibited from participating in an official capacity in any particular matter in which, to his knowledge he or any person whose interests are imputed to him has a financial interest, if the particular matter will have a direct and predictable effect on that interest. If found to be in violation of this section, employee must either request a waiver, divest himself of the offending financial interest, or disqualify himself from the position/situation which created the conflict (Mckee, 1992).

## **2. Impartiality in Performing Official Duties - 2635.501**

Unless he receives prior authorization, an employee should not participate in a matter which is likely to affect the financial interests of a member of their household, or in which he knows a person with whom he has covered relationship, if he determines that a reasonable person with knowledge of the relevant facts would question his impartiality in the matter. An employee who has received severance pay or other payment from a former employer prior to entering Government service is subject, in the absence of a waiver, to a two-year period of disqualification from participation in matters involving that former employer (Office of Government Ethics, 2002).

## **3. Seeking Other Employment - 2635.601**

This section addresses the requirement of 18 U.S.C. 208 (a) that an employee disqualify himself from participation in any particular matter that will have a direct and predictable effect on the financial interests of a person “with whom he is negotiating or has any arrangement concerning prospective employment.” Beyond this statutory requirement, it also addresses the issues of lack of impartiality that require disqualification from particular matters affecting the financial interests of a prospective employer when an employee’s actions in seeking employment fall short of actual employment negotiations (McKee, 1992).

## **4. Misuse of Position – 2635.701**

An employee shall not use his public office for his own private gain, for the endorsement of any product, service, or enterprise, or for the private gain of friends, relatives, or persons with whom the employee is affiliated in a nongovernmental capacity, including nonprofit organizations of which the employee is an officer or member, and persons with whom the employee has or seeks employment or business relations.

An employee shall not engage in a financial transaction using nonpublic information, nor allow the improper use of nonpublic information to further his own private interest or that of another (Office Of Government Ethics, 2002).

## **5. Outside Activities – 2635.801**

An employee shall not engage in outside employment or any other outside activity that conflicts with his official duties. Conflicting activities include and activity prohibited by statute or by an agency supplemental regulation or which would require the employee's disqualification from matters so central or critical to the performance of his official duties that the employee's ability to perform the duties would be impaired (McKee, 1992).

In general, employees shall not serve as expert witnesses in any proceeding in which the Government is a party, unless employee is testifying for the Government. Employees shall not receive compensation for teaching, speaking, or writing that relates to the employee's official duties.

## **F. TITLE 18, UNITED STATES CODE – CONFLICT OF INTEREST STATUTES**

Sections 203, 205, 207, 208, and 209 of 18 U.S.C. seek to preclude personal, financial, and ethical conflicts of interests by detailing a series of prohibited behavior and listing the punishments for indulging in those behaviors. According to 18 U.S.C., employees may not: seek or receive compensation for representing private citizens before the Government (section 203), assist in the prosecution of claims or prosecute claims against the Government (section 205), violate certain post-employment restrictions (section 207), violate certain financial conflict of interest restrictions (section 208), or receive a supplement to their Government salary as compensation for Government services (section 209). Punishments for violating these statutes range in severity from minimal fines, to one-year prison terms, to \$50,000 fines per violation, to five-year prison terms (Office of Government Ethics, 2002).

## **G. PROCUREMENT INTEGRITY ACT – FAR PART 3.104**

Another linchpin of the Executive Branch ethics armour can be found in the Procurement Integrity Act, Part 3.104 of the Federal Acquisition Regulation. This Act incorporates the Standards of Ethical Conduct into the regulations that regulate the conduct of federal Government procurement officials. It establishes

defined parameters for unacceptable and acceptable government contracting personnel and government contractor behavior, as summarized in the following sections (Department of Defense, 1994).

**1. Prohibited Conduct by Competing Contractors**

During the conduct of any Federal agency procurement of property or services, no competing contractor shall knowingly promise, directly or indirectly future employment or business, offer any gratuity or solicit any proprietary information regarding such procurement from any Federal agency procurement official.

**2. Prohibited Conduct by Procurement Officials**

During the conduct of any Federal agency procurement, no procurement official shall from a competing contractor, 1) knowingly solicit or accept any promise of future employment or business opportunity, 2) ask for, demand, exact, solicit, seek, accept, receive, or agree to receive, money, gratuity, or other thing of value from, or 3) disclose any proprietary or source selection information regarding such procurement directly or indirectly to any person other than a person authorized by the head of such agency.

**3. Restrictions Resulting from Procurement Activities of Procurement Officials**

No procurement official with respect to a particular procurement may knowingly participate in any manner as a representative of a competing contractor, in any negotiations leading to the award, modification, or extension of a contract, or participate personally and substantially on behalf of the competing contractor, during the period ending 2 years after the last date such individual participated personally and substantially in the conduct of such procurement or personally reviewed and approved the award, modification, or extension of any contract for such procurement.

**4. Other Sections**

The Procurement Integrity Act also instructs procurement officials on what to do in situations where a recusal or pursuit of waiver would be appropriate, how



to handle a breach of the Act, what civil penalties may be levied for breach of the act, and how to seek ethics advice. It also establishes a requirement for a training program on the Act.

## **H. THE ETHICS PROGRAM**

In the 1989 Ethics Reform Act, OGE received a charge to construct and implement a comprehensive and standardized ethics program which would educate all Executive Branch employees on possible ethical pitfalls and remind them of their responsibility place the interest of the American public above their own. OGE took this charge to heart and developed a robust program to implement the ethics policy. The key components of the program include OGE, Designated Agency Ethics Officials (DAEO), the Standards of Ethical Conduct and Conflict of Interest Statutes, the Financial Disclosure Systems, and Training and Education.

### **1. The Office of Government Ethics (OGE)**

Overall responsibility for dissemination of and adherence to the Executive Branch ethics policy lies with OGE. In support of this mission, the agency has organized itself into five functional offices as shown in Figure 2 (Office of Government Ethics, 1998).

#### ***a. The Office of the Director***

The Office of the Director provides overall direction to the executive branch ethics program. The Office also manages an outreach program that is designed to inform the public about Executive Branch ethics policy and promote public employee integrity. The outreach program targets professional and trade associations, local and state governments, as well as foreign governments.

#### ***b. The Office of General Counsel and Legal Policy***

The Office of General Counsel and Legal Policy establishes and maintains a uniform ethics framework for executive branch employees primarily by developing ethics program policies, interpreting existing laws and regulations, and reviewing legislation and recommending changes in conflict of interest and ethics statutes.

**c. The Office of Agency Programs**

The Office of Agency Programs consists of three divisions, Education and Programs Services Division, Financial Disclosure Division, Program Review Division, that exist to support agencies in implementing and improving their ethics programs. The divisions also provide educational materials and training, assist agencies with compliance to the financial disclosure systems, and identify agency programmatic issues (strengths and weaknesses) through annual program reviews.

**d. The Office of Information Resources Management**

The Office of Information Resources Management supports the internal automated operations of OGE, produces *The Ethics CD-ROM*, and maintains OGE's Internet Web site.

**e. The Office of Administration**

The Office of Administration serves as the administrative arm of OGE and logistically supports the other operational offices through management of the agency's payroll, budget, travel, procurement, publishing, distribution, and printing systems.

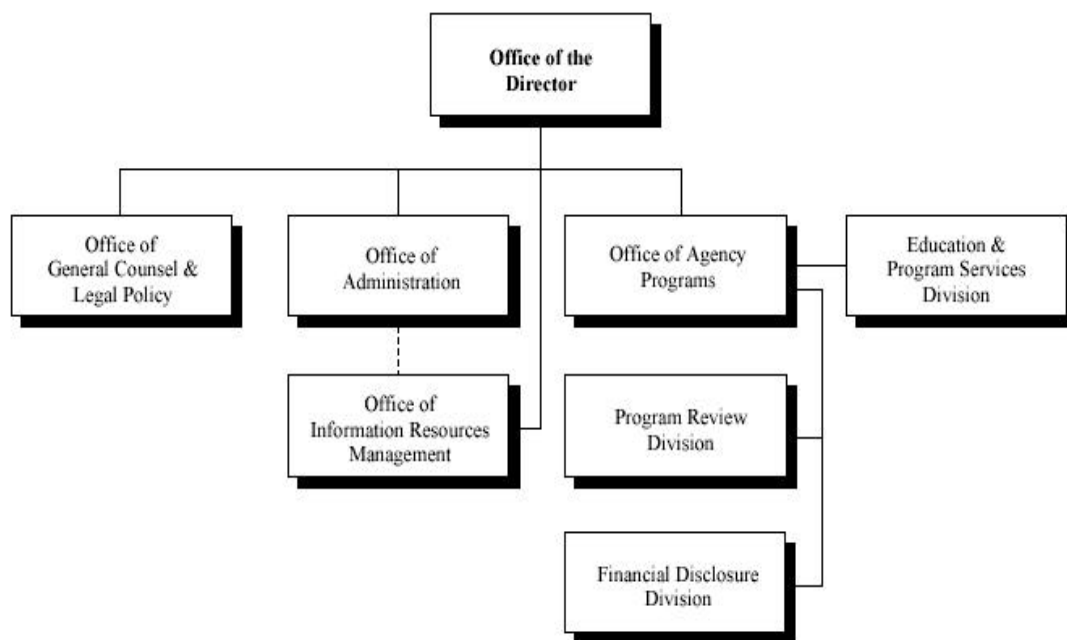


Figure 1. Office of Government Ethics Organizational Chart.

## **2. Designated Agency Ethics Officials**

The head of each Executive Branch agency has primary responsibility for ensuring his agency supports the overall objective of the Branch ethics policy of guaranteeing no executive branch decisions are either tainted by or appear to be tainted by conflicts of interest. As such, accountability for the day-to-day administration of agency ethics programs rests with the head of the agency. However, this person can, and usually does appoint someone else to oversee the program. This person is called the Designated Agency Ethics Official (DAEO) and serves as the primary liaison with OGE. DAEOs and their staffs provide advice and guidance to agency personnel on ethics issues, develop training programs for agency employees, enforce compliance with the financial disclosure systems, and investigate possible conflict of interest violations (Office of Government Ethics, 1998).

## **3. Cornerstone Legislation**

As discussed previously in this chapter, the bedrock legislation of Executive Branch ethics policy lies in the Standards of Ethical Conduct and the Conflict of Interest Statutes of 18 U.S.C. Additionally, based upon a 1980 Memorandum of Understanding with the Department of Justice, OGE provides binding advice with regard to sections 202-209 of 18 U.S.C., assists agencies seeking waivers to the provisions these statutes, and supports agency efforts to develop and issue supplemental regulations to cover ethics matters unique to their agency (Office of Government Ethics, 1998).

## **4. Financial Disclosure Systems**

The public and confidential financial report systems are designed to assist ethics officials and employees in identifying potential conflicts between the interests of an employee (including those of a spouse and dependent children) and the employee's official position and duties, and explore potential means for dissolving the conflict of interests. Conflicts are generally resolved either through recusal (written request for disqualification), divestiture, or waiver.

**a.     *Public Financial Disclosure***

The Ethics in Government Act of 1978 requires certain high-level federal employees in all three branches of Government to publicly disclose their personal financial interests and affiliations. The requirement also applies to their spouses and dependent children. Executive Branch employees use the SF 278, Executive Branch Personnel Public Financial Disclosure Report to comply with the filing requirement. Upon written request, these reports can be made available to the public through OGE or the agency DAEO. Typical public financial filers include but are not limited to the President, the Vice President, civilian employees classified above GS-15, military personnel above the rank of O-6, administrative law judges, Independent Counsels (reports are not made public if the appointment is under seal), the Postmaster General and Deputy, the Postal Service Board of Governors, the Director of OGE and each agency's primary DAEO (Office of Government Ethics, 1998).

**b.     *Confidential Financial Disclosure***

The Ethics Reform Act of 1989 authorized the creation of a uniform confidential financial disclosure system, which utilizes the OGE Form 450, Confidential Financial Disclosure Report, as its primary report documentation. The confidential filing system, for which, requires certain employees not subject to the public disclosure system, but whose duties involve significant discretion in matters affecting non-federal entities, to provide a limited report of certain financial holdings and outside affiliations. This requirement also applies to their spouses and dependent children. Typical confidential filers include but are not limited to all special Government employees including those who serve on advisory committees (unless they are required to file public reports), civilians classified below GS-15 and military personnel below the rank of O-7 if,

- the duties and responsibilities of a position require the employee to participate personally and substantially (through decision or the exercise of significant judgment), in taking a Government action regarding contracting or procurement, administering or monitoring grants, subsidies, licenses or other Federally conferred financial or operational benefits, regulating or auditing any non-Federal entity, or decisions or actions having a direct and substantial economic effect on the interests of any non- Federal entity; or

- that the duties and responsibilities of the position otherwise require the employee to file a report in order to avoid involvement in a real or apparent conflict of interest and to carry out any applicable law, Executive order or regulation.

Both public and confidential disclosure reports must be filed upon an employees entrance into a covered position, as well as annually and upon termination of employee from covered position. Both public and confidential financial disclosure reports are kept for six years after the dates on which they were filed.

## **5. Training and Education**

Historically and relatively speaking, setting policy has been fairly simple when compared to the effort and energy required to implement and enforcing that policy. In its drive to bring employees online with the Executive branch ethics policies, OGE designated training and education and two hallmarks of its ethics program. Employees must know the rules to follow the rules, and they must believe in a program to enthusiastically support that program. As such, OGE focuses considerable resources on educating employees through videos, ethics conferences, lectures, pamphlets, CD-ROMs, computer-based training and web-based training.

Pursuant to Executive Order 12674, each individual Executive Branch agency is responsible for developing a mandatory annual ethics training program for its employees. At a minimum, the training includes a mandatory one-hour briefings on the criminal conflict of interest statutes and the Standards of Ethical Conduct for all employees appointed by the President, all employees in the Executive Office of the President, all officials required to file public or nonpublic financial disclosure reports, all contracting officers, and any other employees designated by the agency head. Agencies must provide all new executive branch employees either a summary or the actual text of the Standards of Conduct and any applicable agency supplemental regulations, within 90 days of the employees' check-in to the agency. At a minimum, agencies must provide new employees 1) one hour of official time to review the ethics materials and 2) the name, address, and phone number of the agency DAEO.

## **I. CHAPTER SUMMARY**

Ethics in the U.S. Federal Government Executive Branch are governed primarily by the Criminal Conflict of Interest Statutes and the Standards of Ethical Conduct for Employees of the Executive Branch. These Standards are administered by the Office of Government Ethics and address the topics of, 1) Gifts from outside sources, 2) Gifts between employees, 3) Conflicting financial interests, 3) Impartiality in performing official duties, 5) Seeking other employment, 6) Misuse of position, and 7) Outside Activities. The conflict of interest statutes prescribe punitive punishments for certain ethics violations.

In its effort to pursue the widest dissemination and most comprehensive understanding of ethics regulations within the Executive workforce, OGE utilizes several different communication media, including an official website which provides access to most of the policies, regulations, opinions, training materials, etc. relevant to the ethics program, an ethics CD-ROM, computer and web-based programs, pamphlets, program surveys, and case-study/situation-based videos.

OGE also enlists the assistance of DAEOs in the pursuit of branch-wide compliance with the ethics policy. The DAEO manages his agency's ethics program and has responsibility for educating, training, counseling, and if necessary, prosecuting agency personnel with respect to ethics regulations.

OGE instituted and manages two Financial Disclosure Systems, which assist the office and other Executive agencies in identifying and mitigating potential conflicts of interest. These systems require certain employees to disclose information about their financial interests and affiliations. In general, the more prominent the position, the more detailed and expansive the amount of financial information required for disclosure. Two forms, the OGE Form 450 (for confidential filers) and the Standard Form 278 (for public filers), assist OGE and DAEOs in pre-empting, identifying, and/or mitigating potential conflicts of interest.

OGE, the DAEOs and individual agency ethics programs, as well as training/education, the two financial disclosure systems, and the cornerstone legislation (Standards of Ethical Conduct and Conflict of Interest Statutes,

combine to create the Executive Branch ethics program and serve as the Executive Branch's primary defense mechanisms against unethical behavior. These are the primary weapons used to defend the Executive Branch forces against the destructive and ever present force of unethical behavior. The next chapter will evaluate the effectiveness of these mechanisms.

## **V. INTERNAL ASSESSMENT OF THE EXECUTIVE BRANCH ETHICS PROGRAM**

### **A. INDEPENDENT EVALUATION**

Any policy or program, especially one implemented in a monolithically intricate organization such as the executive branch of the U.S. Government, must be made subject to rigorous evaluation and vigorous feedback. Why, to legitimize the policy in the eyes of those who will be tasked with enforcing it and adhering to it. A policy or program designed to not merely elicit a certain output from its adherents but to also generate altered behaviors and decision-making paradigms amongst those adherents, cannot be determined effective unless the adherents understand the policy, internalize it, and re-align themselves accordingly. Approximately twenty years after the inception of the federal ethics program, OGE acknowledged the need to perform an externally-monitored internal assessment of the program and contracted Arthur Andersen, a consulting firm, to conduct the evaluation. OGE decided the most valuable source of input, as to the effectiveness of the program, would be provided by those legally responsible for enforcing the program and adhering to it – the employees of the federal executive branch. OGE collaborated with Andersen to determine the best way to collect and analyze the desired data. The results of that collaboration, a study conducted by Andersen in 2000, are discussed in the remaining sections of this chapter (Andersen, 2000).

### **B. PURPOSE**

Andersen and OGE crafted the study to provide feedback on the key objectives of the ethics program which are, 1) to prevent conflicts of interest and misconduct that undermine the public's trust in the Government, and 2) to promote awareness of ethics issues and encourage employees to seek advice when faced with ethical dilemmas.

As such, the study, which took the form of a survey, was designed to assess the effectiveness of the executive branch ethics program and of the



executive branch ethical culture, from the employee' perspective. Accordingly, Andersen and OGE established eleven critical research questions upon which the survey would be based:

- What level of awareness do employees have regarding agency ethics programs and program resources?
- What are employee perceptions of agency ethics program and program resources?
- Are employees aware of and willing to use available support and reporting mechanisms?
- What is the perceived availability and usefulness of ethics training?
- Is the frequency and type of training received appropriate in relation to financial disclosure report filing status?
- What are employee perceptions of executive branch ethical culture?
- What are employee perceptions regarding the occurrence of specific types of unethical conduct covered by the Standards of Ethical Conduct for Employees of the Executive Branch or the criminal conflict interest statutes?
- How are ethical culture factors related to ethical outcome measures?
- How are program elements related to ethical outcome measures?
- What differences exist in perception of program effectiveness and ethical culture between supervisors and non-supervisors?
- What differences exist in perception of program effectiveness and ethical culture between employees with different Government employment tenure?

As a result of the study, OGE expected to receive conclusive guidance on how best to, 1) develop and offer ethics training to executive branch employees, 2) communicate the purpose, goals, and objectives of the ethics program, and 3) help employees avoid at-risk situations.

## **C. METHODOLOGY**

### **1. Distribution**

The survey was distributed to a random sample of 7,291 employees from 22 intentionally unspecified executive branch departments and agencies. A total

of 2,704 responses were returned to Andersen who considered the response rate sufficient enough to evaluate the responses through the categorical prism desired by OGE.

The sample was random with respect to the desire of OGE to evaluate the distribution of responses between supervisors and non-supervisors as well as amongst the different categories of financial filers. Although ethics the ethics program is applicable to all executive branch employees, training resources are especially targeted towards those with financial disclosure reporting obligations. Generally, filers are higher-level employees who hold greater responsibility for Government policy and operations than non-filers. As such, they are more likely to find themselves in the situations presenting conflicts of interests. By virtue of their positions, they are also more likely than non-filers to set the tone for their agencies. The same is most-likely true for supervisors and non-supervisors (Andersen, 2000).

## **2. Measures**

Andersen defined and used four key measures to assess the federal ethics program, 1) Program Awareness, 2) Program Effectiveness, 3) Culture Factors, 4) Culture Outcome.

Questions concerning Program Awareness were designed to assess employees' familiarity with the ethics program, familiarity with the Rules of Ethical Conduct, awareness of the ethics official in the agency, and perceived objectives of the ethics program.

Questions concerning Program Effectiveness were designed to assess employees' perceived usefulness of the Rules of Ethical Conduct in guiding decisions and conduct, helpfulness of resources consulted in the face of an ethical dilemma, reasons for not seeking advice (or if advice was sought, why it was not sought from ethics officials). The questions also evaluated the frequency with which employees received ethics training, and the usefulness of training in making employees aware of ethics issues and in guiding their decisions and conduct.

The Culture Factors portion of the survey attempted to evaluate perceptions of several areas considered key to policy implementation and asked for opinions on these areas through questions such as, “Does supervisory leadership paid attention to ethics?” Does executive leadership pay attention to ethics? Is there consistency between policy and practice? Is open discussion about ethics rewarded? Is ethical behavior rewarded? Are reports of ethics concerns investigated? Is unethical behavior punished? Are efforts made to detect violators? Is unquestioning obedience to authority expected, and are employees treated fairly?

The final section of the survey assessed culture outcomes through topical questions designed to allow the employees to express their perceptions regarding the extent to which unethical behavior occurred in their agency and are aware of ethical issues when they arise, the extent to which employees sought advice when needed and integrated discussion of ethics into their decision-making processes. This section also asked employees whether or not it was acceptable for employees to deliver bad news and if ethics violations were reported by employees when discovered.

#### **D. SURVEY RESULTS AND ANDERSEN’S ASSESSMENT**

Upon receipt of the survey responses, Andersen aggregated the data, assessed the data according to the four key performance measures, and summarized the data graphically. Andersen compiled the survey results, as well as its conclusions and recommendations, into a report for OGE. The key results of the report are presented in graph form and summarized in the following sections of this thesis.

##### **1. Program Awareness Assessment**

Overall, employee ethics program awareness and understanding was high. The vast majority of employees indicated they were aware of the executive branch ethics program and understood its objectives. Survey findings also confirmed that executive branch employees were generally familiar with the majority of program objectives, but extensively familiar with program objectives involving education and prevention of ethics policy violations. In general,

supervisors indicated a higher level of program awareness and understanding than did non-supervisors. This relationship also proved true for financial filers when compared to non-filers.

As shown in Figure 2, three-fourths of all employees said they were aware that there were officials in their agency who were responsible for educating and guiding agency employees with respect to ethics issues.

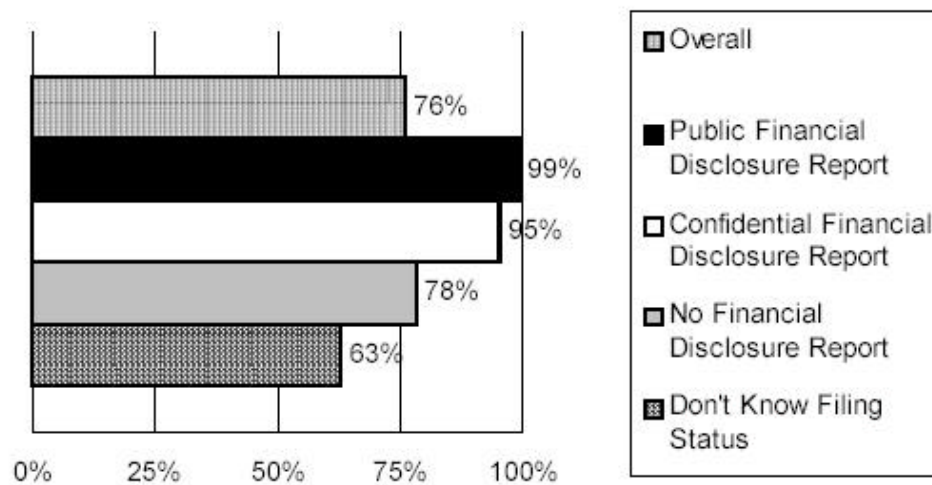


Figure 2. Awareness of Agency Ethics Official by Filing Status.

Within the public filer category, 99% of supervisors acknowledged awareness of their agency ethics officials. Ninety-two percent on non-supervisors in the same category felt they were aware of their agency ethics officials. Among confidential filers, 97% of the supervisors reported knowledge of the existence of their ethics officials, compared with 92% of non-supervisors. Eighty-three percent of non-filing supervisors reported awareness of their ethics official, compared with 76% of non-filing non-supervisors (Figure 3).

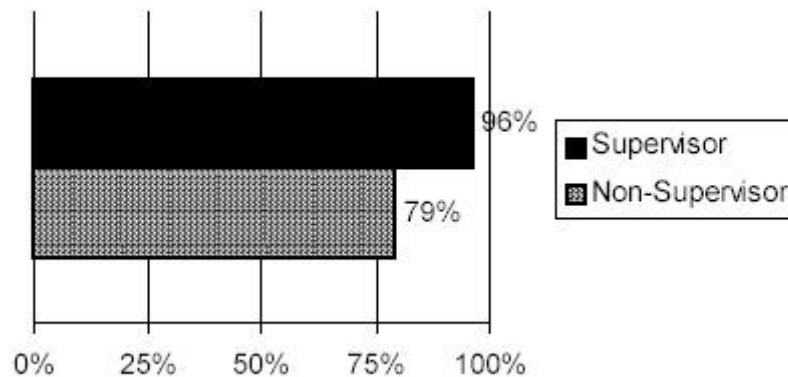


Figure 3. Awareness of Agency Ethics Official by Supervisory Status.

**a. Familiarity with Program Objectives**

Figure 4 represents an assessment of employee exposure to and understanding of their agency ethics program. On average, filers reported a higher degree of program familiarity than employees not required to file financial disclosure reports and employees not sure of their filing status (i.e. - whether or not they were required to file). Employees with financial disclosure responsibilities considered themselves significantly more familiar with all but two of the program objectives: detecting unethical behavior and disciplining and prosecuting violators.

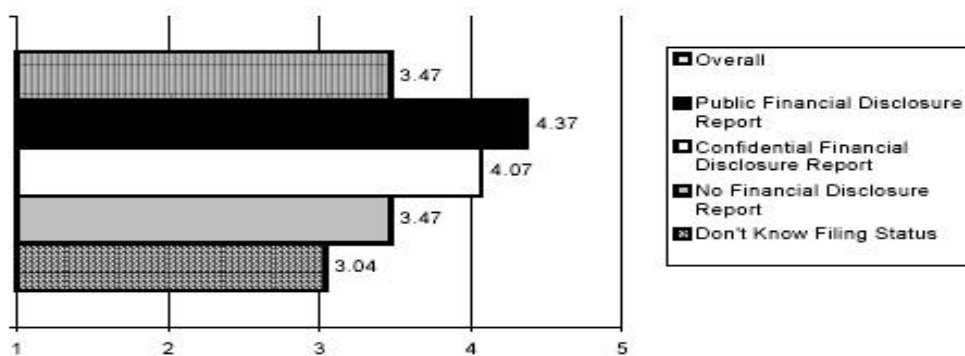


Figure 4. Familiarity with Ethics Program by Filing Status.

Supervisors generally reported higher familiarity responses than non-supervisors. Employees rated themselves most familiar with the education and violation prevention elements of the ethics program, which respectively received ratings of 3.86 and 3.90, and only functionally familiar with program objectives related to ensuring and strengthening public trust, fair treatment of the public and outside organizations dealing with the Government, and addressing employee concerns. The objectives of functional familiarity respectively received ratings of 3.64, 3.59, and 3.56. With the exceptions of detecting unethical behavior and disciplining and prosecuting violators, supervisors were more familiar with program objectives than were non-supervisors (Figure 5).

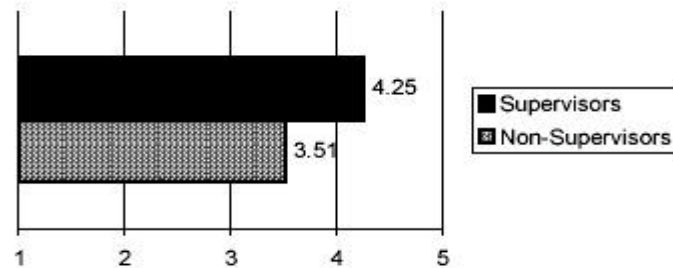


Figure 5. Familiarity with Ethics Program by Supervisory Status.

**b. Familiarity with Rules of Ethical Conduct**

Employees were functionally familiar with the Rules of Ethical Conduct. Confidential filers rated highest, followed by non-filers, and finally those employees unaware of filing their filing status (Figure 6).

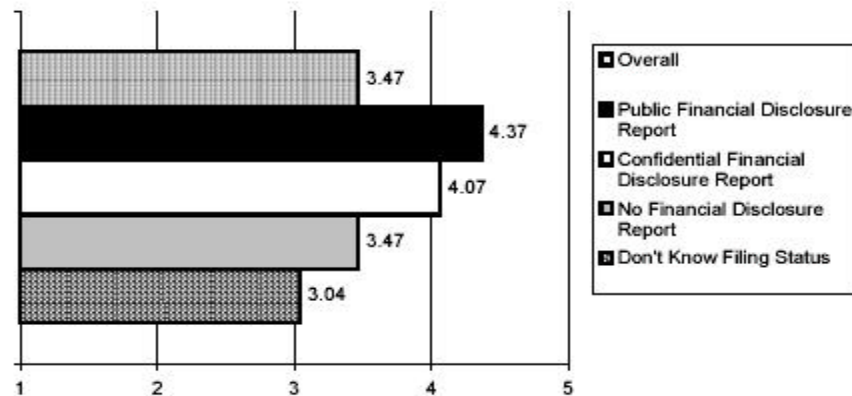


Figure 6. Familiarity with Rules of Ethical Conduct by Filing Status.

Supervisors, who reported an average assessment of 4.21 with respect to their familiarity with the Rules of Ethical Conduct, rated higher than did non-supervisors with their 3.47 assessment (Figure 7).

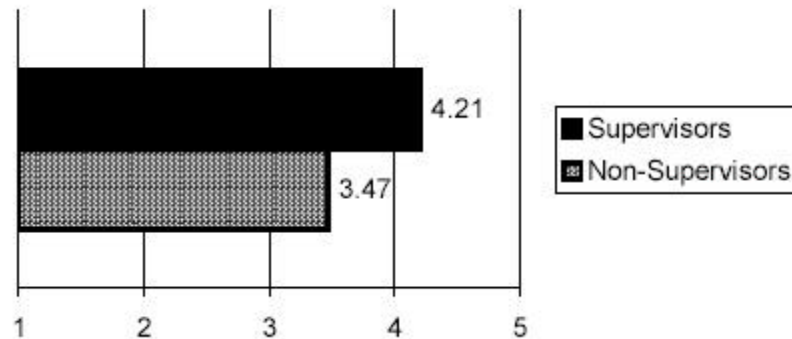


Figure 7. Familiarity with Rules of Ethical Conduct by Supervisory Status.

## 2. Program Effectiveness

According to the survey, executive branch employees were willing to seek advice for ethics concerns. Most respondents who sought ethics-related advice consulted their agency ethics official, and ethics officials were seen as more helpful than other available ethics resources.

Survey results showed that the frequency of ethics training to be directly related to employee positive perception of an ethical culture as well as ethical employee behavior in their agencies. Employees receiving more frequent training perceived a more ethical culture than do those who received less training.

Assessment of training methods across survey categories, effectiveness varied. Overall employees rated, in-person instructor-led lectures or discussion most effective. Videotape training earned second place as in the effectiveness assessment, while computer-based training rated third, and teleconferencing and satellite broadcast training brought up the rear by earning fourth place rankings.

In general, financial filers found the Rules more useful than non-filers (Figure 8). Public filers assigned this metric an average value of 4.02, while confidential filers reported 3.90, non-filers reported 3.62, and employees unaware of their filing status reported 3.37.

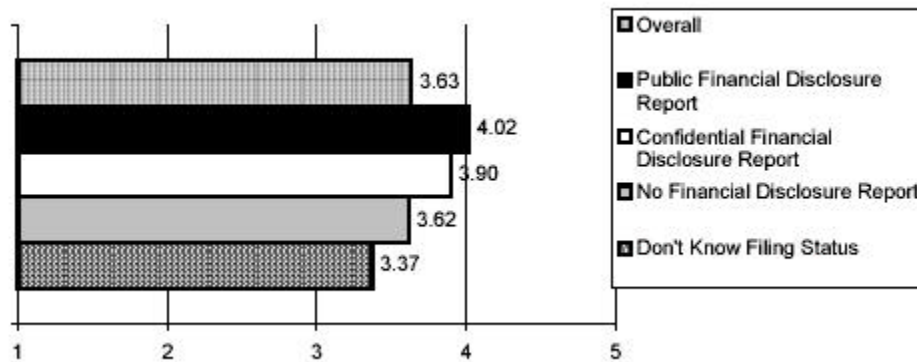


Figure 8. Usefulness of Rules of Ethical Conduct by Filing Status.

Supervisors found the rules more useful than did non-supervisors and assigned the metric an average value of 4.00 as compared to non-supervisors, who assigned a value of 3.59 (Figure 9).

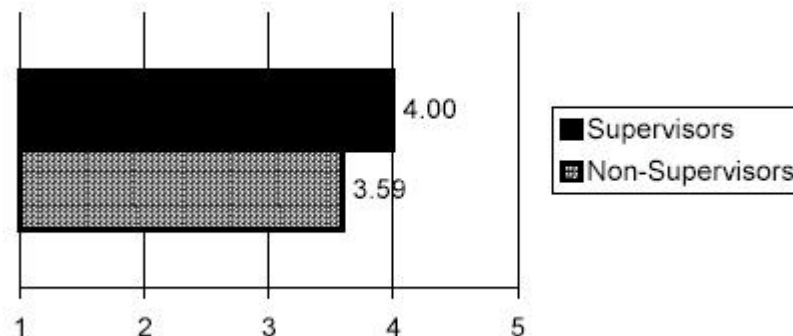


Figure 9. Usefulness of Rules of Ethical Conduct by Supervisory Status.

**a. Need for Advice**

Employees indicated they were willing to seek ethical advice and expressed the need to have in-house human ethics resources. In the past five years, 24% of all employees surveyed sought ethics-related advice in connection



with their job responsibilities. Employees required to file financial disclosure reports seemed most likely to seek advice. Seventy-one percent of public filers admitted to seeking ethics-related advice in the past five years, compared with 50% of confidential filers and 23% of non-filers (Figure 10).

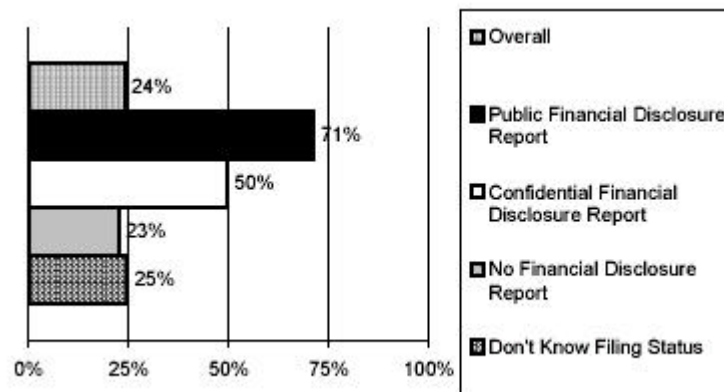


Figure 10. Percent Seeking Advice in the Last 5 Years by Filing Status.

According to the survey responses, non-supervisors were less likely to seek advice than supervisors, as shown by the 64% of supervisors who admitted to having sought ethics-related advice within the past five years, and 27% of non-supervisors who did not seek advice (Figure 11).

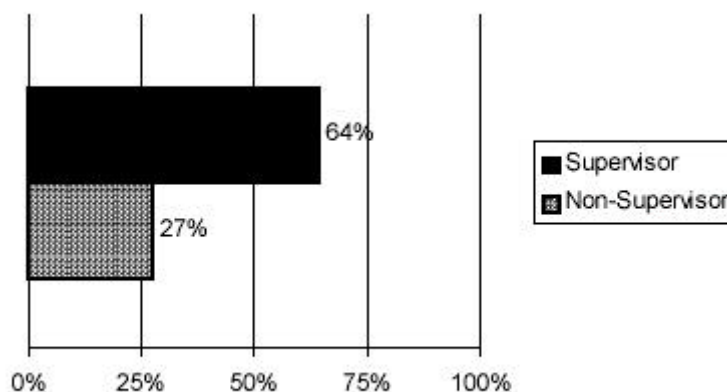


Figure 11. Percent Seeking Advice in the Last 5 Years by Supervisory Status.

**b. Employee Use of Program Resources**

Most employees who needed ethics-related advice depended on their agency ethics official to provide it. Fifty-nine percent of those seeking advice in the past five years consulted their ethics official, while 41% used other resources (ex. the OGE General Counsel's Office, the Human Resources Office, their supervisor, other counsel, their union official, or personal resources) (Figure 12).

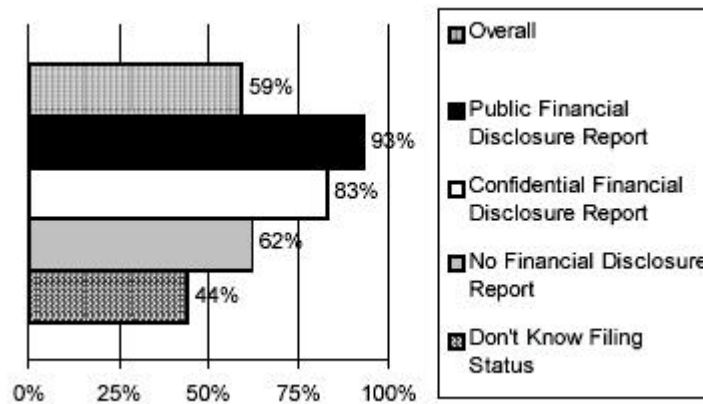


Figure 12. Percent Choosing Agency Ethics Official as Resource for Advice by Filing Status.

Ninety percent of supervisors, who sought advice, consulted their agency ethics official, while only 66% of non-supervisors chose their ethics official over other resources (Figure 13).

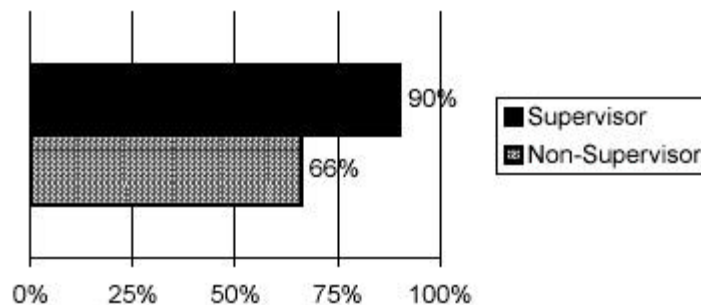


Figure 13. Percent Choosing Agency Ethics Official as Resource for Advice by Supervisory Status.

**c. Employee Assessment of Ethics Officials Helpfulness**

Public filers and confidential filers assigned higher values to the helpfulness of ethics officials metric than non-filers and those employees unaware of their filing status (Figure 14).

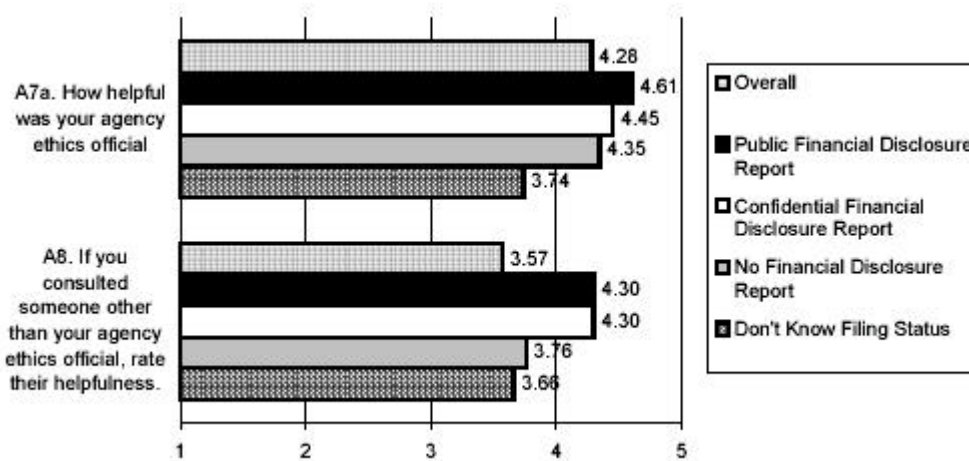


Figure 14. Helpfulness of Agency Ethics Official by Filing Status.

**d. Seeking Other Advice Alternatives**

Not every employee who needed ethics advice turned to their agency ethics official. Employees most frequently reported not knowing that there was an agency ethics official or cited the fact that there was no agency ethics official as reasons for seeking help outside their agency. Other reasons for choosing other resources over agency ethics officials centered on employees' lack confidence in the ethics program resources or fear of some type of reprisal for consulting the agency ethics official. Nineteen percent of employees who responded to this question indicated a lack of confidence in receiving good advice. Fifteen percent said they believed nothing would be done, and thirteen feared they would get into trouble. Less than 1% of surveyed employees believed the ethics staff did not have time to address their issues.

The majority of public filers reported consulting their agency ethics official for advice during the past five years. Of those who had not consulted an agency ethics official, sixty-percent lacked confidence their official would provide

good advice. Confidential filers most frequently reported lack of belief in the initiation of investigative follow-up efforts in response to their inquiry (19%) as justification for not seeking assistance for their agency official (Figure 15). Non-filers sought other assistance for fear of getting into trouble (13%) or because they lacked confidence in the agency official (15%).

	Responses	
There is no ethics staff	22	9.0%
Didn't know there was an ethics staff	92	37.3%
They don't have time for me	0	0.2%
No confidence I'd get good advice	47	19.2%
Believed nothing would be done	37	15.1%
Afraid I'd get into trouble	33	13.2%
Other	98	39.6%

Note: Percentages are based on the total number of employees answering this question (n=247). Responses from employees who indicated they had not sought advice or who indicated they consulted their ethics official were eliminated.

Figure 15. Reasons for Not Consulting an Ethics Official When Seeking Advice.

**e. Reasons for Not Seeking Any Ethics Advice**

A significant portion (1,934) of the surveyed employees had not sought ethics advice during the five-year period covered by the survey. Of this group, 61% said they did not seek advice because they did not have a relevant question during that time period. Thirty-seven percent indicated they were confident in their own ability to sufficiently address the issues. Nearly 11% of the employees said they did not know whom to approach for assistance (Figure 16).

	Responses	
Never had a question	1176	60.8%
Didn't know whom to ask	203	10.5%
Confident in my own ability to address issue	719	37.2%
No confidence I'd get good advice	126	6.5%
Believed nothing would be done	231	11.9%
Afraid I'd get into trouble	101	5.2%
Other	81	4.2%

Note: Percentages are based on the total number of employees answering this question (n=1,934). Responses from employees who indicated that they sought advice, but still answered this question were eliminated

Figure 16. Reasons for Not Seeking Ethics Advice.

(1) Measuring the Effects of Training Frequency.

According to survey results, financial disclosure report filers received training more frequently and found training more useful in their jobs as compared to non-filers (Figure 17).

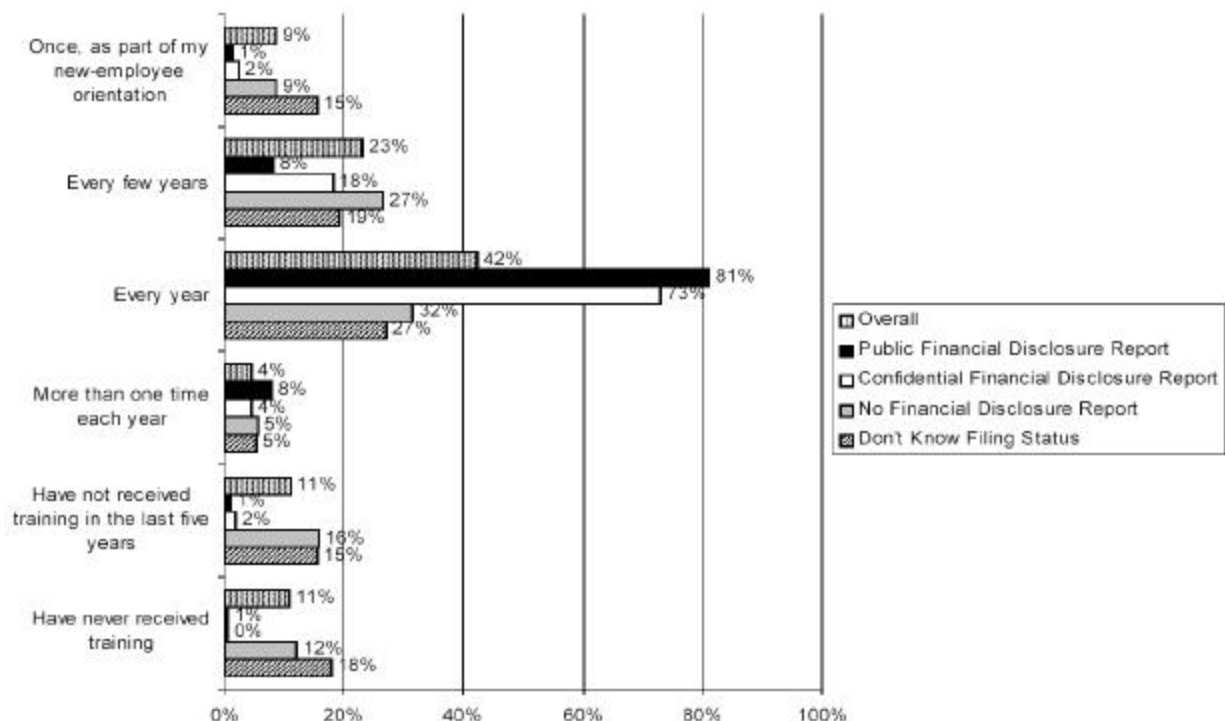


Figure 17. Frequency of Training Over the Past 5 Years by Filing Status.

In general, supervisors found ethics training more useful than did non-supervisors. Forty-two percent (42%) of all employees reported receiving some form of ethics training every year during the five-year period surveyed. Another 23% received training every few years, and 9% received training once during new-employee indoctrination. Eleven percent of all employees reported not having received ethics training in the past five years, and another 11% reported never having received ethics training. Majority of those reporting never having received ethics training, 97% were either non-filers or did not know their filing status. Ninety-four percent were non-supervisors (Figure 18).

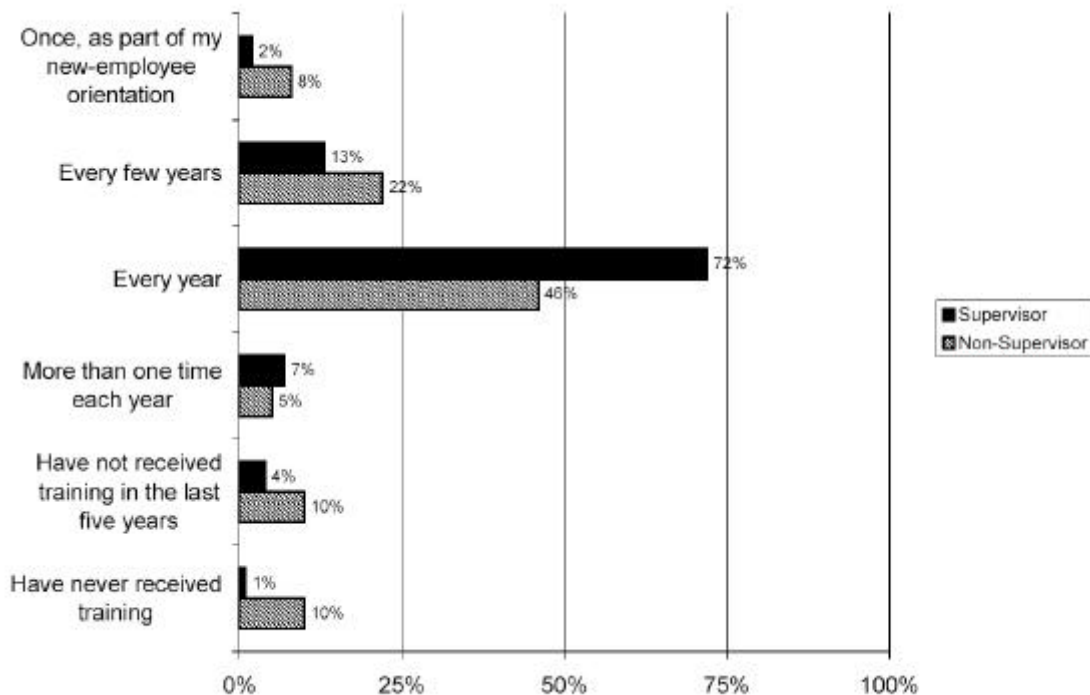


Figure 18. Frequency of Training Over the Past 5 Years by Supervisory Status.

Overall, employees rated ethics training more useful than the Rules of Ethical Standards in making them more aware of ethics issues applicable to their jobs, but less useful in guiding their decisions. The survey

found that with respect to the fact that financial disclosure filers tend to have greater opportunity to encounter ethics issues in the completion of their duties, this group was more likely to find training useful.

(2) Usefulness of Ethics Training. When assessing training usefulness in terms of guiding decisions and conduct in connection with work, public filers rated usefulness of training for guiding decisions at 3.88, while the average rating among confidential filers was 3.78 (Figure 19).

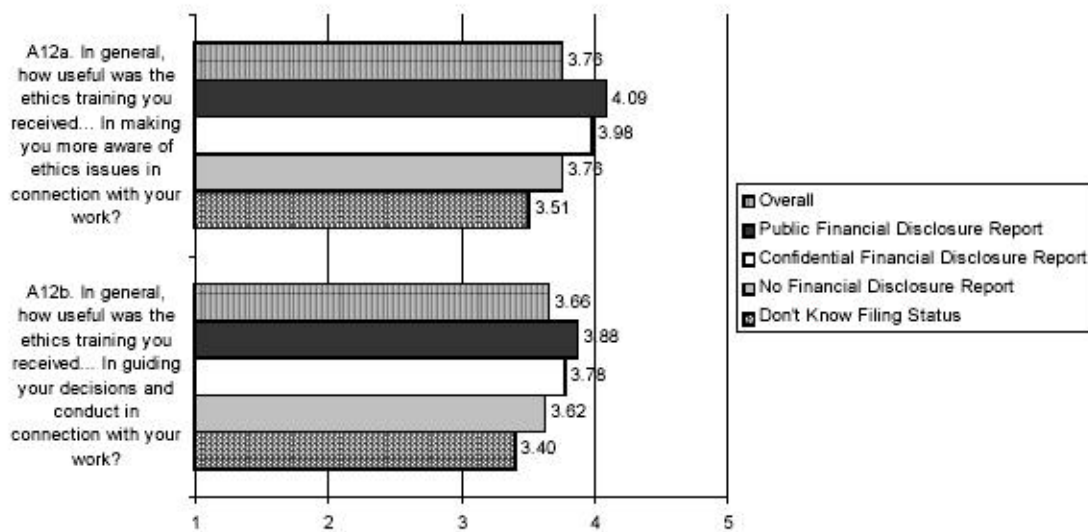


Figure 19. Usefulness of Ethics Training.

As shown in Figure 20, most employees (57%) were trained via in-person instructor-led lectures or discussions. Second most common training method, at 46%, was videotaped training, with direct communications (ex. newsletters, pamphlets, e-mails, memos) pulling up a close third. Thirty-seven percent of employees used resources such as legal documents, laws, or regulations, and 13% received computer-based training, while 10% attended some type of virtual training course (ex. teleconference or satellite broadcast). The survey showed that filers were more likely than non-filers to receive training via multiple methods, while supervisors were more likely than non-supervisors to receive training via teleconference, broadcast, or direct communications.

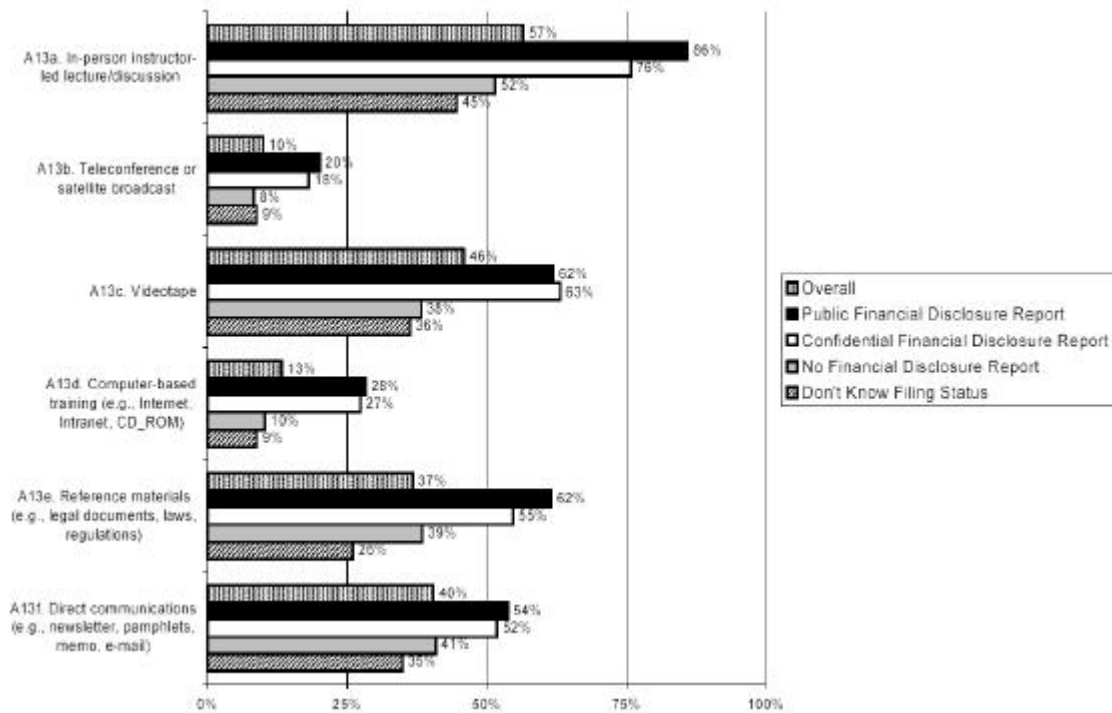


Figure 20. Percent of Employees Receiving Training by Various Methods Over the Past 5 Years.

(3) Effectiveness of Training Methods. Employees rated In-person training (i.e. instructor-led lecture or discussion) as the most effective type of training available and assigned it an average rating of 3.90. The direct communications was rated second with an average effectiveness rating of 3.67. Computer-based training, teleconferences, videotapes, and reference materials were ranked third, fourth, fifth, and sixth respectively. In general, financial disclosure report filers viewed training as more effective than non-filers. Computer-based training created the largest opinion differential between filers and non-filers, who rated the training method 3.77 and 3.45 respectively and on average (Figure 21).



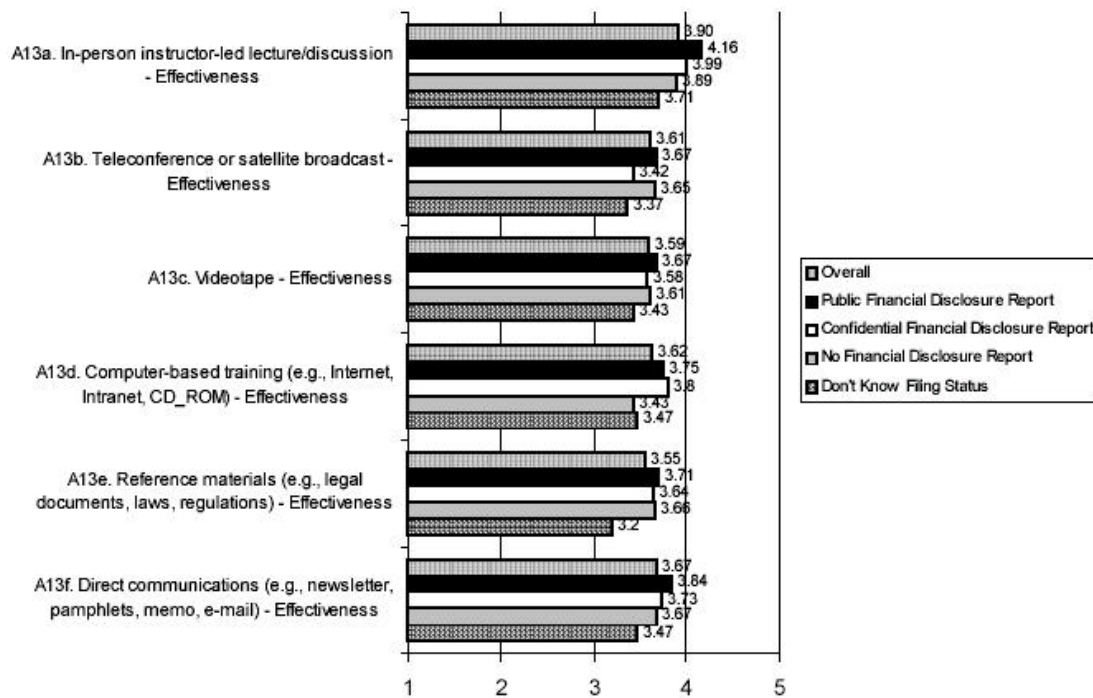


Figure 21. Effectiveness of Training Methods by Filing Status.

### 3. Culture Factors

With respect to cultural factors, employees gave the highest ratings to Ethical Behavior Rewarded (3.24), Follow-up on Reports of Ethics Concerns (3.18), and Unethical Behavior Punished (3.14). Across the board, employees agreed operational ethics were important to supervisors and executive leadership. They also concurred that in general, an atmosphere of unquestioning obedience to authority does not exist. Employees assigned the lowest ratings to Open Discussion about Ethics (2.84), and Efforts to Detect Violators (2.90).

The survey revealed a clear relationship between employee filing status and employee perception of ethical culture. Filers tended to reflect a more positive perception of their agency's ethical culture than did non-filers, and within the filing categories, public filers were significantly more positive regarding ethical culture factors than were confidential filers. The largest differences in opinion between filers and non-filers surfaced in the assessment of the following factors, 1) the consistency between agency policies and practices, 2) whether

ethics concerns were followed up on, 3) whether there was an atmosphere of unquestioning obedience to authority, and 4) the existence of fair treatment in relation to ethics issues (Figure 22).

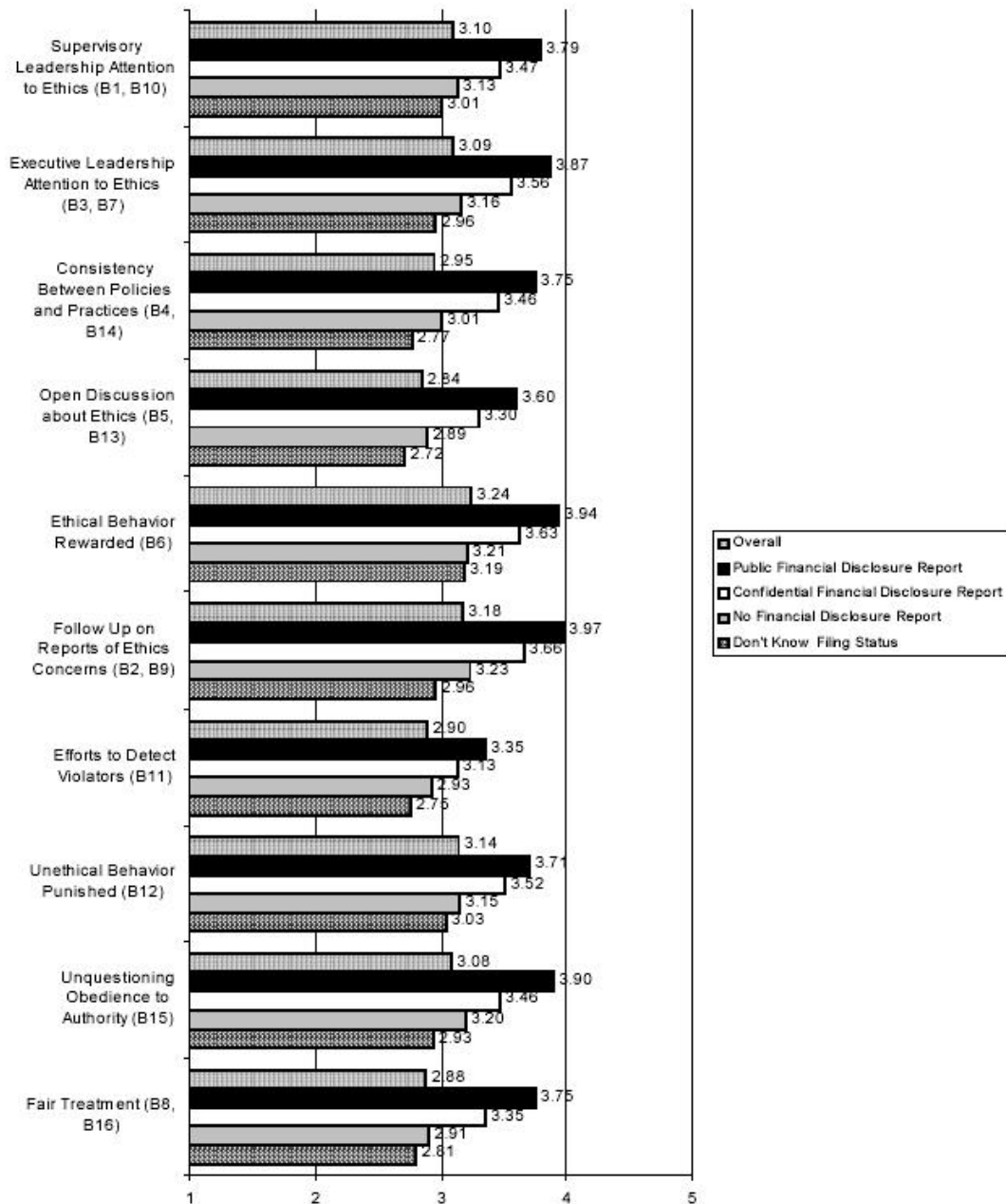


Figure 22. Ethical Culture by Filing Status.

Supervisors were more likely than non-supervisors to positively perceive their agencies' cultures as being ethical (Figure 23).

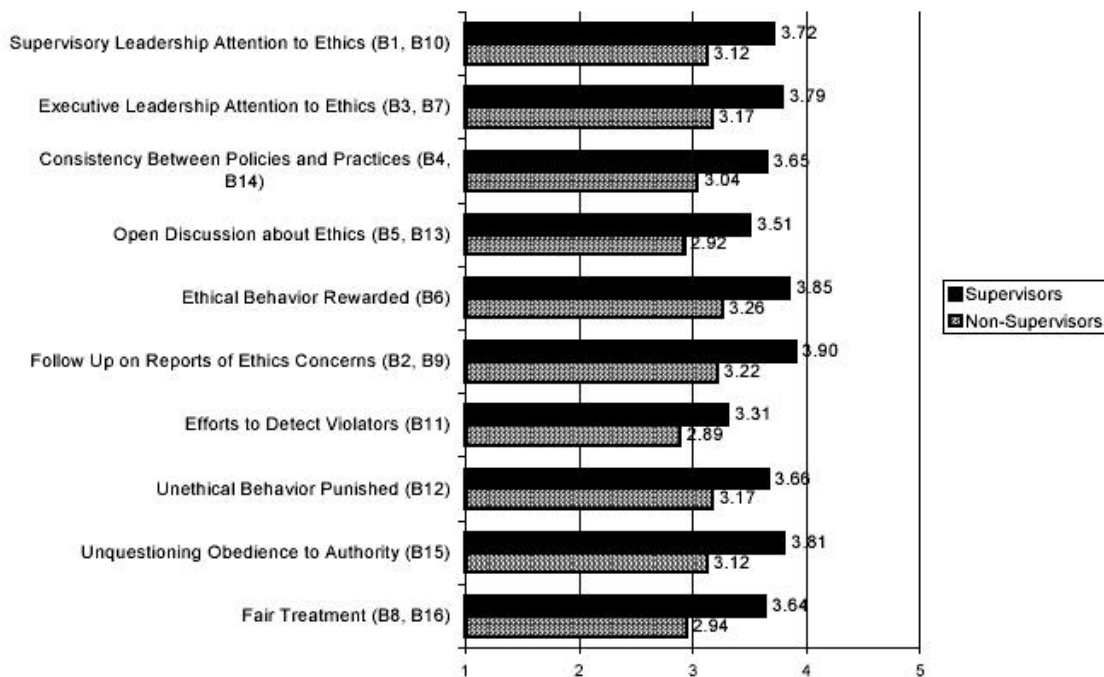


Figure 23. Ethical Culture Factors by Supervisory Status.

#### 4. Culture Outcomes

Employees held favorable perceptions of some outcomes and neutral or negative perceptions of others. Their perceptions of culture outcomes were favorable with respect to awareness of ethics issues, the occurrence of unethical behavior, and the extent to which employees seek advice when ethics issues arise. Employees reported ethics violations. Perception was neutral with regards to whether employees seek advice when ethics issues arise. Employees did not perceive that it was OK to deliver bad news or that ethics were integrated into decision-making.

Awareness when issues arise was perceived as the most positive culture outcome. The study results indicated that employees have positive perceptions regarding awareness of ethics issues when they arise.

Unethical behavior was perceived as infrequent. Overall, employees perceived the frequency of unethical behaviors within their agencies to be relatively low. Employees perceived misuse of Government time or resources

occurred most frequently. Conversely, employees perceived acceptance of payment for doing the Government job from people outside the Government as rarely occurring.

**a. Outcome Ratings**

Overall ethical outcome ratings were generally grouped around the midpoint of the scale. Employee awareness when ethical issues arise received the highest overall rating (3.47). Two additional outcomes, Reporting Violations (3.14) and Employees Seek Advice (3.06) received overall ratings above the midpoint, indicating favorable perceptions. Some outcomes were rated below the midpoint, indicating a slightly unfavorable perception. These outcomes included Ethics Integrated in Decision-Making (2.90) and whether it was OK to Deliver Bad News (2.81).

With respect to the Unethical Behavior metric (2.18) used in evaluating ethical culture outcomes, the lower the assigned value, the less employees felt like unethical behavior occurred in their agencies. The composite metric consisted of eight distinct metrics which received their own values. The individual metrics and their values are listed below.

- Agency employees misusing official time (3.09)
- Agency employees misusing Government property (2.74)
- Agency employees misusing their Government positions (2.37)
- Agency employees improperly giving gifts to their supervisors or accepting gifts from their subordinates (2.00)
- Agency employees improperly accepting gifts given to them because of where they work or what they do in their Government jobs (1.99)
- Agency employees improperly benefiting financially from work they do for the Government (1.90)
- Agency employees in supervisory positions asking for donations from subordinate employees in connection with personal charitable activities (1.76)
- Agency employees improperly accepting payment for doing their Government jobs from people outside the Government (1.59)

These results indicated that overall employees did not perceive the unethical behavior a regular occurrence within their agencies. Filers and non-filers perceived Unethical Behavior differently, with non-filers and the “do not know” category perceiving a significantly higher incidence of unethical behavior than both categories of filers (Figure 24).

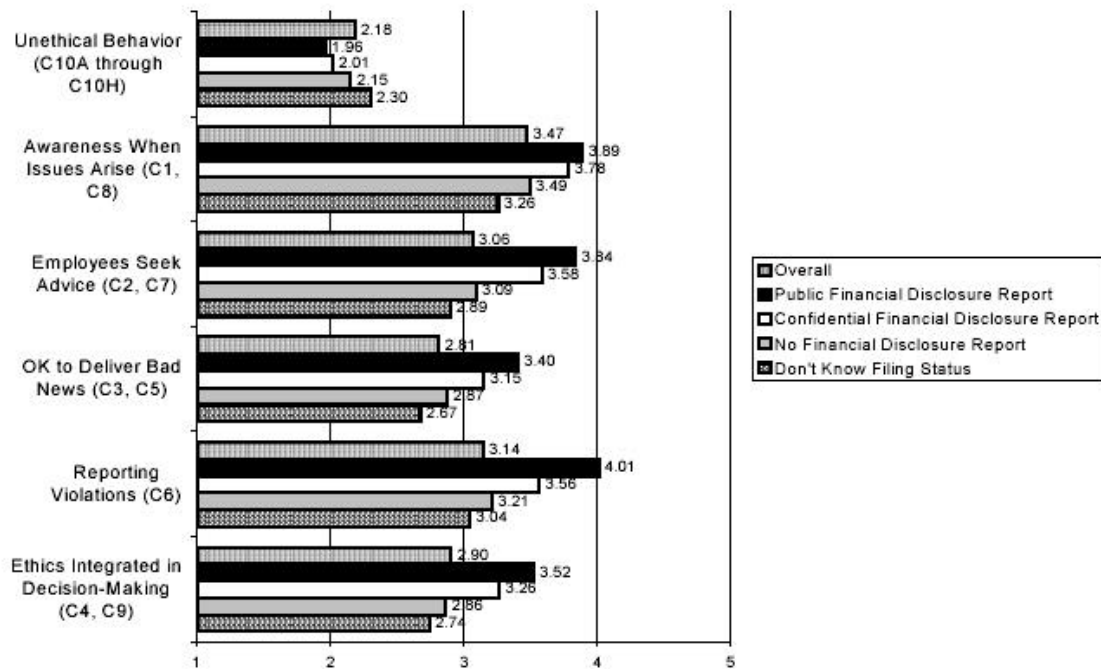


Figure 24. Ethical Culture Outcomes by Filing Status.

The difference in ethical outcome ratings based on supervisory status was consistent with other survey findings in that supervisor gave more positive ratings to all ethical outcomes metrics than non-supervisors (Figure 25).

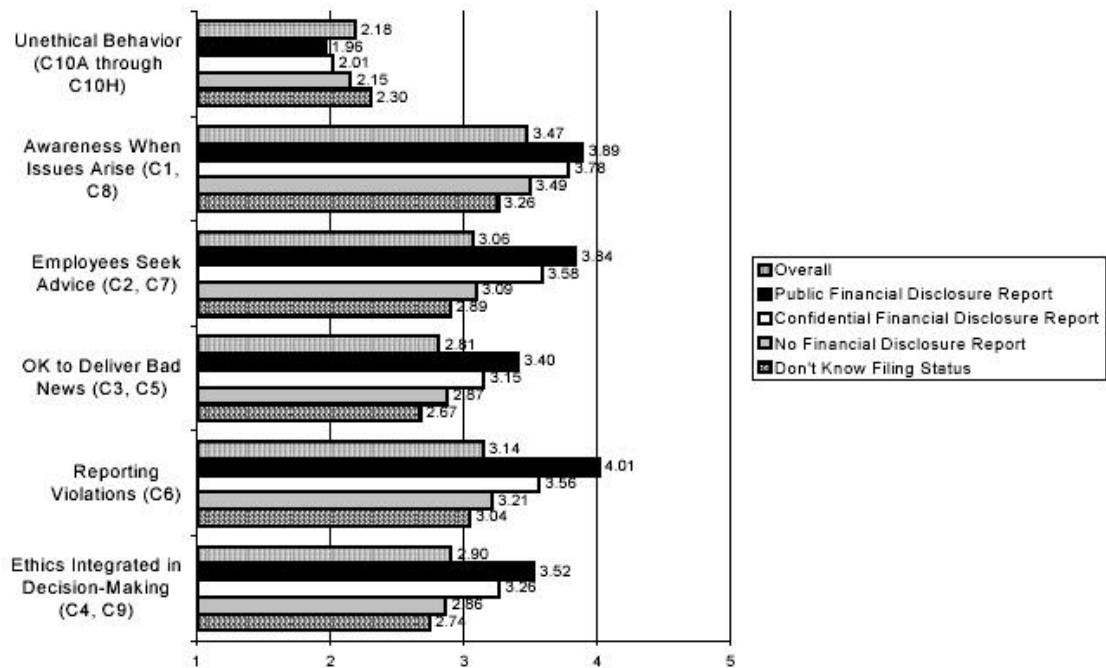


Figure 25. Ethical Culture Outcomes by Supervisory Status.

**b. Ethical Outcomes Related to Frequency of Training**

Employees who reported receiving regular training also reported more favorable perceptions of culture than did employees receiving training less frequently (Figure 26).

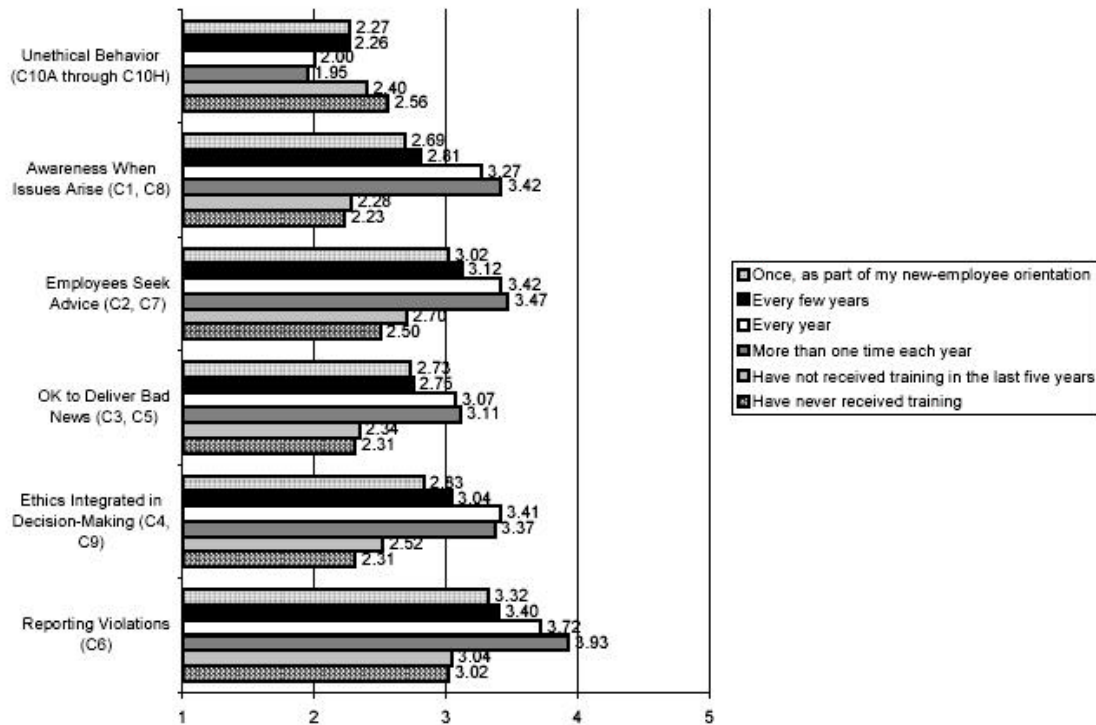


Figure 26. Relationship Between Receiving Training and Culture Outcomes.

### c. **Barriers to Complying with Ethics**

Employees cited factors related to rules and policies as the biggest barriers to compliance with ethics policies. Many employees felt that the complexity of the rules impeded compliance. Others asserted that certain policies simply were too impractical and made it difficult for employees to follow them. Another important barrier to complying with ethics policies, cited in 22% of the responses, was lack of training. Employees declared it to be difficult to avoid an ethics violation if the definition of what constitutes an ethics violation is not understood.

Fifteen percent of employees identified work environment and atmosphere as barriers to compliance. Their comments described how peer pressures, witnessing others break rules, and temptation to use Government resources for personal use could lead to disobeying policies. About 14% of the responses indicated supervisor or leadership behaviors enhance the difficulty of complying with ethics policies and went on to explain that supervisors sometimes

set bad examples by not complying with ethics policies and failing to take action when another employee violated an ethics policy. Thirteen percent of employees reported failure to enforce policy as a barrier to ethics compliance.

Employees also listed the temptation to personally gain from an action as a factor which sometimes supercedes ethics policy, for some people. Six percent of the employees believed fear of reprisal for reporting an ethics violation added to the difficulty in complying with ethics policies (Figure 27).

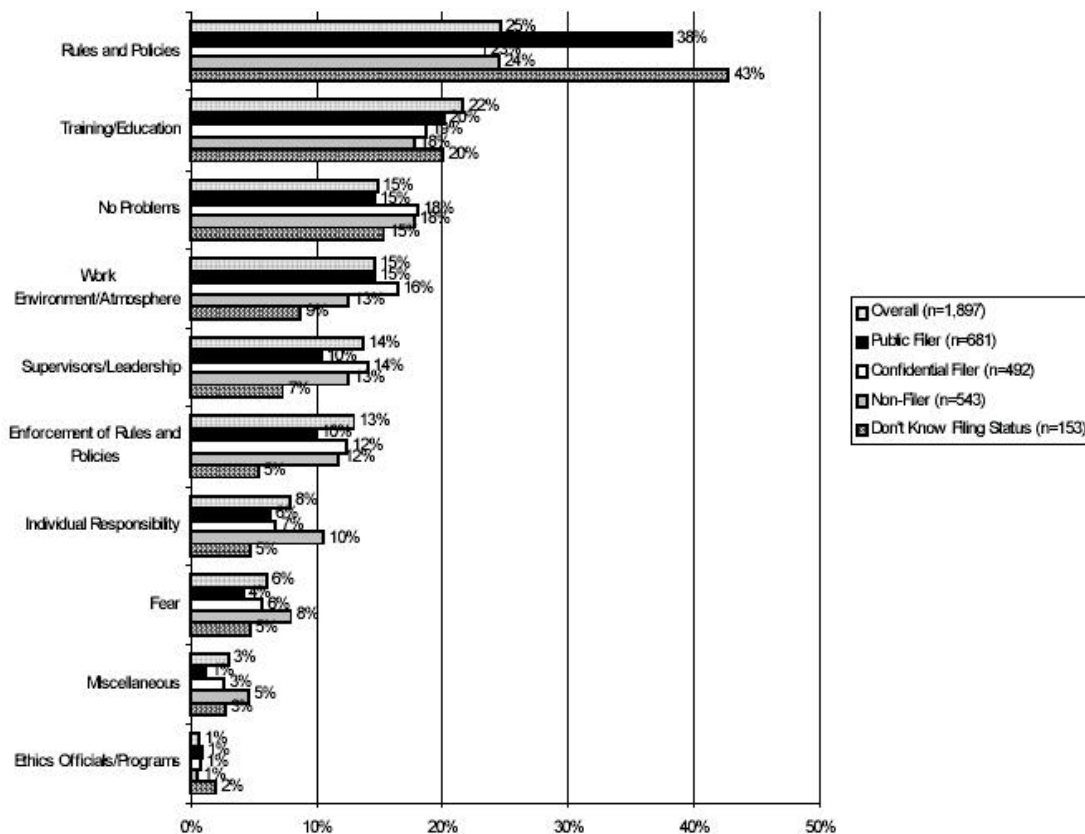


Figure 27. Factors that Make It Difficult for Employees to Comply with Ethics Policies.

#### ***d. Enablers That Assist Employees to Act Ethically***

In response to this question, 39% of all surveyed employees indicated further training and education would make a positive difference in encouraging ethical behavior in employees.



Increased supervisory attention to ethics was noted in 16% of the responses. Across the board, the employees made it clear supervisors need to lead by example, as well as take action when infractions occur. The employees also indicated better enforcement of rules and policies was needed to foster ethical behavior among employees. Fourteen percent of employees promoted changing the rules, and suggested clearer, specific language that left no ambiguity regarding the appropriate way to handle common situations. Many respondents also stated the rules needed to be more consistent with those followed in the private sector. About 10% of the employees suggested greater compliance with ethics policies would result from changes in work atmosphere. Specific changes included, more frequent open discussion, rewards for employees who take ethics seriously, and fostering of greater respect and trust amongst coworkers. Six percent of employees believed no additional measures or changes were needed to encourage federal executive employees to behave more ethically. Comments along this vein tended to stress personal accountability. Employees also proposed to increase ethical behavior by creating anonymous reporting channels, and about 2% of the employees suggested making changes to the ethics program itself (Figure 28).

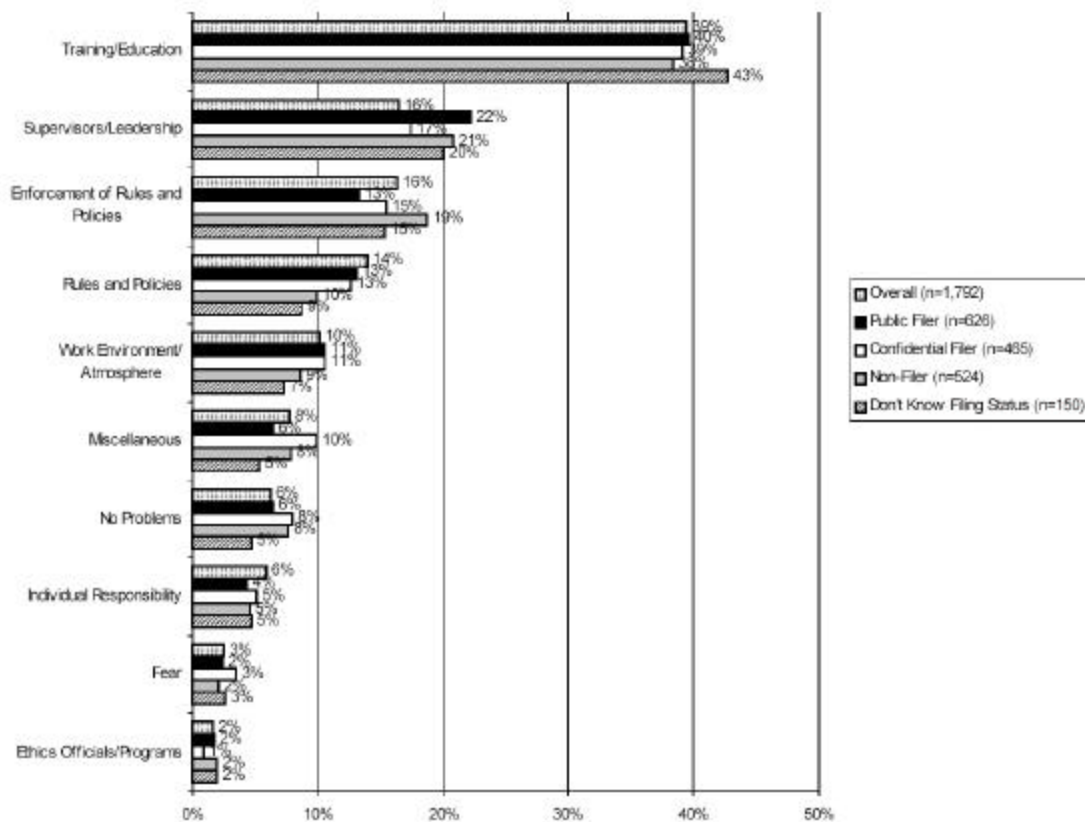


Figure 28. Factors that Would Further Assist Employees to Act Ethically.

## E. CHAPTER SUMMARY

No policy can be deemed successful without proper evaluation of the policy's implementation, without determining whether or not the policy is achieving its purported objectives and if it is generated some unintended consequences. OGE acknowledged this fact and contracted Arthur Andersen in to conduct a study of the federal executive branch ethics program. The study took the form of a survey which was distributed to a random and broad spectrum of federal executive branch personnel. The survey sought to examine several metrics key to the ethics program through two separate lenses, 1) financial disclosure report filers vs. non-filers, and 2) supervisors vs. non-supervisors. The survey consisted of questions designed to gather information on four program key metrics, 1) Program Awareness, 2) Program Effectiveness, 3) Cultural Factors, and 4) Cultural Outcomes. The survey asked its recipients to rank various elements of the ethics program on a five point scale and included

two short answer questions. Andersen compiled the data and issued it in report form to OGE. The overall assessment of the program seems to be more positive than negative. However, in one of the two “open-ended” questions, Andersen asked the survey recipients to make suggestions on how to remove barriers to compliance to the ethics program. While the responses were logical and most-likely achievable, one set of responses in particular were intriguing. They suggested that not only elements within the system be changed, but that the system itself needed restructuring. This concept will be explored in the next chapter.

OGE has taken seriously its responsibility to protect the Executive Branch from the pariah of unethical behavior. The agency has labored (through training and education) to ensure all Executive Branch employees understand the ethics policy and program as well as their role in the program. OGE has attempted to identify the many variations of unethical behavior and to equip the employees to handle situations that could potentially lead to a violation of public trust, but how effective are the ethics policy and program in distancing the Executive Branch from unethical behavior?

## **VI. ANALYSIS, CONCLUSIONS, AND RECOMMENDATIONS**

### **A. SURVEY CONCLUSIONS**

This thesis opened with the premise that a successful policy substantially achieves its stated objectives while minimizing the proliferation of unintended, negative side effects that would outweigh any benefits from the policy. Assuming this premise to be true, the thesis then sought to determine whether or not the United States Federal Government Executive Branch ethics policy is successful. In pursuit of this determination, Chapter II explored the origin of ethical thought and provided the foundation on upon which public administration ethical philosophy is built. Chapter III historically reviewed the legislation and executive orders that contributed to the current framework of ethics policy. Chapter IV provided a more detailed explanation of the actual ethics statutes and regulations, financial disclosure systems, training/education devices, and key ethics positions that comprise the Executive Branch ethics program. Chapter V evaluated the program from the perspective of those charged with executing the program, and Chapter VI will evaluate the effectiveness of the Executive Branch ethics policy and program in separating the workforce from the bane of unethical behavior. However, before making this assessment, it is important to review several of the key findings provided by Arthur Andersen to OGE concerning its assessment of the Executive Branch ethics policy and ethics program. Based on survey responses provided to Andersen from the employees tasked to implement and adhere to the policy and program, Andersen concluded the following (Andersen, 2000).

The Executive Branch Employee Survey 2000 has provided evidence of the effectiveness of the executive branch ethics program, and of a basically sound ethical culture within the executive branch agencies. Analysis of the data from the study generated several conclusions that will be valuable to OGE and other Government ethics officials for refining the program and enhancing program communication efforts. These conclusions and related recommendations, where applicable, are discussed below.

## **1. Program Awareness Is High, But It Could Be Better**

Across the executive branch, program awareness is high. Study results indicate that employees are familiar with the ethics program, are aware that there are officials in their agencies with responsibility for addressing ethics concerns, and are familiar with the Rules of Ethical Conduct. These are positive results, especially when one considers that each of these statistics is higher for individuals with financial disclosure reporting obligations, who are the primary targets of the Government program and are those that receive the most ethics training. At this basic level, the Government ethics program is achieving an important objective—promoting awareness of and familiarity with the ethics program and various ethics resources. Despite this finding, awareness could still be improved. The best evidence is seen in the pattern of behavior for employees with ethics questions. Study results indicated that overall, nearly 25% of employees have sought advice for an ethics question over the past five years and that forty percent (40%) of those individuals did not seek advice from their ethics officials. The awareness gap, however, is more clearly revealed in the following results. Of those individuals who sought advice but did not seek advice from ethics officials, 37.3% did not know there was an ethics staff and 9% reported that there is no ethics staff. In addition, among employees who did not seek advice from any source, 10.5% indicated they did not know whom to ask. Combined, these results indicate that nearly 140,000 employees had a need for ethics program services but did not interact with ethics officials and, by extension, the ethics programs. The implications of these results are significant, given that 140,000 employees represent approximately 12% of the survey population. The program should be applauded for serving the needs of most employees, but the failure to reach the remaining group represents a risk to the Government. Public trust in Government can be easily eroded by even a few incidents—even if logically the public knows that the vast majority of employees behave ethically and according to standards. To reduce its risk, the Government

should explore ways to expand communication to employees regarding the ethics program and resources to ensure that fewer employees have needs that are not addressed.

## **2. Frequency of Training Is Related to the Perception of a Positive Ethical Culture**

Study results indicated that frequency of training was directly related to stronger perceptions of ethical culture and outcomes. Employees who received training once a year or more than once a year had significantly higher perceptions of ethical culture and outcomes than did those who received training less frequently. Fortunately, nearly 50% of employees indicated that they received some type of - 50 - training (e.g., classroom instruction and direct communications) at least once a year. The finding that training is directly related to the perception of ethical culture represents a significant opportunity for the Government to improve the perception of ethical culture and achieve desired outcomes by providing additional ethics training. The Government ethics program currently bases its training program on an employee's financial disclosure reporting responsibilities, which reflect an individual's job responsibilities. Public and confidential filers are required to receive training annually and all employees are required to receive ethics training as part of their new employee orientation. This approach appears to create perceptual differences between filers and non-filers. Therefore, these results suggest that non-filers would benefit from additional training. This additional effort would also increase awareness of the program and available resources.

## **3. Supervisors Are a Key Factor in Creating and Maintaining an Ethical Culture**

If we accept that additional training resources would benefit the Government and the employees' perception of ethical culture, then the question of where to target this training becomes critical. Two findings strongly suggest that supervisors should be targeted for increased training. First, supervisory attention to ethics has strong relationships with program outcomes. Simply put, when employees believe that their direct supervisors are genuinely concerned with maintaining an ethical environment and supporting ethical performance, their

positive perceptions of the organizational culture and other employees' behavior also increases. Second, an unanticipated finding of the study is that supervisors (like filers) tend to have a more positive perception of cultural factors and outcomes than do non-supervisors. Since 72% of supervisors say they receive training annually, there is reason to believe that training is, to some degree, responsible for their more positive perceptions. Therefore, if supervisors were targeted for increased training, and were trained particularly to increase their awareness, to openly discuss ethics issues and integrate ethics in decision-making, to refer employees to the correct resources, and to reassure employees that it is OK to deliver bad news, then it might be hypothesized that employees' positive perceptions of their agencies' cultures would increase. Many supervisors currently receive training because they have job responsibilities that require them to file financial disclosure reports. However, study results indicate that 12% of respondents who indicated they were supervisors also reported that they were not required to file a financial disclosure report. Although supervisors who do not file represent a fairly small share of the population (less than 5%), they do account for approximately 56,000 executive branch employees. The current practice of directing and evaluating training compliance based on individual filing status could be enhanced by considering allocation of training resources according to an individual's supervisory role. This would allocate important resources for personnel in the best position to influence behavior and outcomes— supervisors.

#### **4. Executive Leadership Also Plays an Important Role**

Ethics programs begin at the top. If employees do not perceive that executive leadership pays attention to ethics, then they are less likely to perceive that a strong ethical culture exists. Study results showed that executive leadership attention to ethics is directly related to employees seeking advice, integrating ethics into decision-making, and the perception that it is OK to deliver bad news in the workplace. The only culture factor with stronger ties to outcomes

is supervisory leadership. The implications of this are clear—if leaders do not actively promote and visibly endorse ethics programs and ethical behavior, then desired outcomes will be difficult to achieve.

## **5. Unethical Behavior Is Perceived by Employees As Infrequent**

Overall, employees perceive the frequency of unethical behaviors within their agencies to be relatively low. The unethical behaviors targeted in the Survey relate specifically to the Standards of Ethical Conduct and conflict of interest statutes. They do not relate to some of the more commonly thought-of types of unethical employee behavior like lying or sexual harassment. Among the specific behaviors examined, employees perceived that misuse of Government time or resources occurred most frequently. Conversely, it was perceived that employees accepting payment for doing their Government jobs from people outside the Government rarely occurred. Financial disclosure report filers and supervisors have the most positive perceptions, indicating a lower perception that unethical behavior occurs.

## **B. RESEARCH QUESTION ANALYSIS**

### **1. Primary Research Question**

Assume the following premise hold true: The usual measure of a successful public policy is that it substantially achieves its stated objectives without generating significant, unintended, negative side effects. An unsuccessful policy is one that fails to substantially achieve its objectives or achieves some of its objectives but, in so doing, produces a new set of unanticipated problems that outweigh its benefits (Mackenzie, 2000, p. 149).

Assume the objective of the Executive Branch Ethics Program is to ensure the decisions of executive branch employees are neither tainted by nor appear to be tainted by any question of conflicts of interest (Office of Government Ethics, 1998).

If the aforementioned premise and objective are true, then from all appearances, the Executive Branch ethics policy and program could be considered successful. This statement is based in large part on the findings of the Andersen survey, which was designed to assess the height, width, and



breadth of employee knowledge concerning the ethics policy and program. Generally across the board, employees indicated they understood and identified with the desire to not embarrass the government through conflict of interest misconduct. They also supported the program by striving to comply with the rules, regulations, and requirements that constitute the substance of the program, and employees agreed that an ethical culture, “a culture of do the right thing,” must be promoted in their work environments. From the survey, one could justifiably conclude that the majority of the executive workforce is knowledgeable enough of the policy to pause when faced with a possible ethical violation and familiar enough with program elements to know where to turn for assistance. Knowing when to ask questions and where to go to get answers are two key milestones in any effort to deter undesirable behavior. However, as the President’s Commission on Federal Ethics Law Reform stated in its March 9, 1989 report,

Ethical government means much more than laws. It is a spirit, an imbued code of conduct, an ethos. It is a climate in which, from the highest to the lowest ranks of policy and decision-making officials, some conduct is instinctively sensed as correct and other conduct as being beyond acceptance. Laws and rules can never be fully descriptive of what an ethical person should do. They can simply establish minimal standards of conduct (President’s Commission on Federal Ethics Law Reform, 1989, p. 1).

The principle underlying this statement leads to the assertion that the ethics policy is *mostly successful* as opposed to *completely successful*. One significant facet of a successful policy is that it not generate unintended, negative feedback, such that the feedback outweighs any benefits gained from achieving the policy objective. The survey findings also indicated that some employees feel the current program is not designed to encourage people to do the right thing but scare them into not doing the wrong thing. Part of the workforce also indicated that the program tends to cause employees to focus their energy and efforts on making sure they do not mistakenly slip off the straight and narrow ethical path into the untamed wilderness of unethical behavior. These responses indicate that the workforce has not necessarily internalized the elements of the

program but have merely complied with them as an act of professional self-preservation. Other more probable yet immeasurable unintended consequences such as the effect of a comprehensive and somewhat oppressive behavior control mechanism on workplace moral and personal job satisfaction must be considered when assessing the successfulness of the ethics policy and program. With these issues as caveats this thesis concludes the Executive Branch ethics policy and program are successful in curtailing occurrences of unethical behavior within the Executive Branch workforce, however; the assessment of the Executive Branch ethics program and policy has raised addendum issues that warrant evaluation and will be addressed in the following sections.

## **2. Secondary Research Questions**

### **a. *Does the Federal Executive Branch Ethics Program Focus on Deterrence of Unethical Conduct or Promoting Ethical Conduct?***

The program's fundamental objectives are to ensure that the decisions of executive branch employees are neither tainted by nor appear to be tainted by any question of conflicts of interest on the part of the employees, otherwise stated as preventing conflicts of interest and misconduct that undermine the public's trust in Government. In and of itself, the phrasing of the objectives indicates an approach that focuses more on identifying and mitigating potentially embarrassing ethical situations than on encouraging employees to conduct themselves as proud representatives of the United States government. Additionally, the elements crucial to the program's implementation consist primarily of rules detailing unauthorized behavior and consequences for engaging in unethical behavior. As such, as employees tasked with enforcing the ethics program are apt to emphasize the penalties for acting unethically versus, the rewards for behaving ethically (especially as no concrete rewards, other than avoiding punishment, for ethical behavior seem to exist). Logically, employees subject to the ethics program will focus the majority of their time and effort on keeping themselves out of trouble. Survey responses to questions addressing ethical culture issues substantiate this assessment (Figures 28 and 29). The researcher concludes, the executive branch ethics program focuses

more on deterring unethical behavior than on promoting ethical behavior. Recommendations for implementing within the program mechanisms designed to promote ethical behavior will be discussed later in this chapter.

***b. What Theoretical Virtue Approach Best Supports the Efforts of a Government Seeking to Develop a Public Ethics Program Focused on Deterring Unethical Behavior?***

By virtue of the definition of deter, which Webster describes as “the action of turning aside, discouraging, or preventing another’s action,” a program based on deterrence would seek to outthink and out-maneuver those subject to it. Certain assumptions and conditions would also be applicable. Deterrence is a concept normally applied to situations in which relevant parties have an adversarial relationship and whose goals are diametrically opposed. Deterrence is also normally indicative of a power struggle in which one or more relevant parties, acting on the premise that it is opposed by the other parties, seeks to exert its will as an absolute dictum. Additionally, while not an unqualified guarantee, deterrence efforts exerted by either relevant party usually reflect a lack of trust between those parties. Now, place these assumptions and conditions within the context of a concerted government effort to create a public ethics program based on deterrence. The government leadership represents one party, its employees the other. A government seeking to influence the ethical behavior of employees it did not trust would not leave appropriate response mechanisms to the judgment of those employees, but would define in as much detail as possible, what constituted unethical behavior and what the prescribed punishments would result from a display unethical behavior. The program would need to be almost absolute in its objectivity and applied as the overarching standard, regardless of time, place, or circumstance. As such, governments seeking to establish a public ethics program based on deterrence would find the writings of Immanuel Kant and the theory of deontology most helpful in fleshing out the program details. Kant believed, “The most important aspect of any principle, whether in mathematics, physics, or another field, including ethics, is consistency,” and a deontological theorist would assert, “that

the ethics of an action do not depend upon the consequences, but upon an important feature of the act itself [principle]" (Garofalo, 2002, p. 53). Both Kant and deontologists believe adherence to and execution of a principle to be supreme above all other concerns and do not acknowledge the concept of situational appropriateness. As such, an ethics program focused on deterrence would be served by this school of thought in that the definers of unethical behavior would be able to declare an action right or wrong from the outset without having to go back and revisit that issue again.

**c. *What Theoretical Virtue Approach Best Supports the Efforts of a Government Seeking to Develop a Public Ethics Program Focused on Promoting Ethical Behavior?***

Merriam-Webster's Collegiate Dictionary defines the act of encouraging as inspiring [one] with spirit, filling [one] with courage or strength of purpose, emboldening [another] (Merriam, 1993). The concept of encourage and its various derivatives, encourager, encouragement, encouraging, are most often applied to situations where a spirit of cooperation exists between all pertinent parties. This spirit of cooperation is also generally indicative of a common goal set and mutual trust. An encourager does not necessarily dictate to the encouragee what action he must take but instead seeks to provide guidance and relies on his receiver's judgment and experience to help him make the best or "right" decision. While the encourager and the recipient of the encouragement may not hold equal power positions, two-way communication and open dialogue usually characterize the relationship. As such, a government seeking to establish a public ethics program focused on encouraging ethical behavior would best be served by adhering to the tenants of Virtue theory.

Virtue theory, most commonly associated with Aristotle and Alasdair MacIntyre, emphasizes the importance of the whole person in the ethical decision-making process. It assesses the correctness or incorrectness of an act or decision as a dependent variable upon time, situation, and place (Garofalo,

2002). This theory suggests a decision-maker use the following set of questions to determine what course of action to take when faced with an ethical dilemma (Garofalo, 2002).

- What character traits does this action express?
- What affect will this action have on my character?
- What affect will this action have on the character of other people?
- Is this the action of a person whose character I would admire?

An ethics program built on the principles of Virtue Theory would communicate to its adherents that it expected the best of them. It would also acknowledge their ability to make sound judgments and depend upon that knowledge to make it successful. A Virtue Theory based program inherently incorporates a spirit of teamwork, cooperation, and moral responsibility, all of which are elements crucial to any atmosphere which desires self-motivated and self-monitored ethical behavior.

### **C. SUGGESTED AREAS FOR FURTHER RESEARCH**

Research conducted in pursuit of answers to the primary and secondary questions of this thesis, generated additional possibilities for further research. Several of these possibilities are noted in the following list.

- The Federal Executive Branch Ethics Program is applicable to all employees in all executive agencies. Each agency has the task of administering the program within its agency and in conjunction with supplementary ethics regulation specific to the agency. A possible research study would include assessing the differentiation of perceived and actual ethics program effectiveness between various executive branch agencies.
- Another possible research study would involve surveying different groups of people directly and indirectly affected by the executive ethics program to determine their level of perceived congruence between the program's objectives and its outputs and outcomes. Possible groups would include: defense procurement officials, other non-DoD procurement officials, defense contractors, and American citizens not employed by the federal government.
- GAO and the U.S. Court of Federal Claims settling disputes generated by bid protests. When the bid protests concern ethics violations, do the decisions these two entities line-up with and support the objectives of the executive ethics program.

- What might be some barriers and enablers within the ethics program affect compliance with the program system? Can the enablers be enhanced and the barriers removed or mitigated?
- The commercial business industry has an equally if not more robust ethics program, although of course the programs vary from company to company. A possible research study would involve comparing pre-Enron/WorldCom business ethics programs to post-Enron/World Com programs. The same comparison would be conducted of the executive ethics program. A final comparison would involve assessing the similarities and differences in the executive program and business programs.
- Another study could attempt to quantify the affect the executive ethics program has had on reducing or increasing the number of bid protests and cases generated from ethics violations. The study might consist of a historical analysis of bid protests reviewed by GAO from 1980 to present.
- Cost/benefit analysis of the executive ethics program financial disclosure system might yield an interesting evaluation.
- Several monitoring and maintenance mechanisms exist within the executive ethics program to keep the program relatively current. A possible study would involve conducting a survey of executive branch employees and employees responsible for keeping the system current to determine where there was perception congruence and incongruence.
- Every program has purported objectives, and every program suffers from unintended consequences. A study could seek to identify these consequences and determine their effect on the ethics program.
- A final study suggestion would involve conducting an assessment of genuine “buy-in” of USNA Midshipmen and selected executive branch employees with respect to their respective ethics constructs and oversight mechanisms.

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# APPENDIX A. E.O. 11222

## Title 3--Chapter II

### Executive Order 11222

#### PRESCRIBING STANDARDS OF ETHICAL CONDUCT FOR GOVERNMENT OFFICERS AND EMPLOYEES

By virtue of the authority vested in me by Section 301 of Title 3 of United States Code and as President of the United States, it is hereby ordered as follows:

##### Part I Policy

**Section 101.** Where government is based on the consent of the governed, every citizen is entitled to have complete confidence in the integrity of his government. Each individual officer, employ-ee, or adviser of government must help to earn and must honor that trust by his own integrity and conduct in all official actions.

##### Part II-Standards of Conduct

**Section 201.** (a) Except in accordance with regulations issued pursuant to subsection (b) of this section, no employee shall solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, for any person corporation, or group which—

- (1) has, or is seeking to obtain, contractual or other business or financial relationships with his agency;
- (2) conducts operations or activities which are regulated by his agency; or
- (3) has interests which may be substantially affected by the performance or nonperformance of his official duty.

(b) Agency heads are authorized to issue regulations, coordinated approved by the Civil Service Commission, implementing the provisions of subsection (a) of this section and to provide for such exceptions therein as may be necessary and appropriate in view of the nature of their agency's work and the duties and responsibilities of their employees. For example, it may be appropriate to provide exceptions (1) governing obvious family or personal relationships where the circumstances make it clear that it is those relationships rather than the business of the persons concerned which are the motivating factors—the clearest illustration being the parents, children or spouses of federal employees; (2) permitting acceptance of food and refreshments available in the ordinary course of a luncheon or dinner or other meeting or on inspection tours where an employee may properly be in attendance; or (3) permitting acceptance of loans from banks or other financial institutions on customary terms to finance proper and usual activities of employees, such as home mortgage loans. This section shall be effective upon issuance of such regulations.

(c) It is the intent of this section that employees avoid any action, whether or not specifically prohibited by subsection (a), which might result in, or create the appearance of—



- (1) using public office for private gain;
- (2) giving preferential treatment to any organization or person;
- (3) impeding government efficiency or economy;
- (4) losing complete independence or impartiality of action;
- (5) making a government decision outside official channels; or
- (6) affecting adversely the confidence of the public in the integrity of the Government.

Sec. 202. An employee shall not engage in any outside employment, including teaching, lecturing, or writing, which might result in a conflict, or an apparent conflict, between the private interests of the employee and his official government duties responsibilities, although such teaching lecturing, and writing by employees are generally to be encourage so long as the laws, the provisions of this order, and Civil Service Commission and agency regulation covering conflict of interest and outside employment are observed.

Sec. 203. Employees may an (a) have direct or indirect financial interest that conflict substantially, or appear to conflict substantially, with their responsibilities and duties as Federal employees, or (b) engage in, directly or indirectly, financial transactions as a result of, or primarily relying upon, information obtained through their employment. Aside from these restriction, employees are free to engage in lawful financial transactions to the same extent as private citizens. Agencies may, however, further restrict such transactions in the light of the special circumstances of their individual missions.

Sec. 204. An employee shall not use Federal property of any kind for other than officially approved activities. He must protect and conserve all Federal property, including equipment and supplies, entrusted or issued to him.

Sec. 205. An employee shall not directly or indirectly make use of, or permit others to make use of, for the purpose of furthering a private interest, official information not made available to general public.

Sec. 206. An employee is expected to meet all just financial obligations, especially those—such as Federal, State, or local taxes—which are imposed by law.

### **PART III—STANDARDS OF ETHICAL CONDUCT FOR SPECIAL GOVERNMENT EMPLOYEES**

**Section 301.** This part applies to all "special Government employees" as defined in Section 202 of Title 18 of the United States Code, who are employed in the Executive Branch.

**Sec. 302.** A consultant, adviser or other special Government employee must refrain from any use of his public office which is motivated by, or gives the appearance of being motivated by, the desire for private gain for himself or other persons, including particularly those with whom he has family, business, or financial ties.

**Sec. 303.** A consultant, adviser, or other special Government employee shall not use any inside information obtained as a result of his government service for private personal gain, either by direct action on his part or by counsel, recommendations or suggestions to others, including particularly those with whom he has family, business or financial ties.

**Sec. 304.** An adviser, consultant, or other special Government employee shall not use his position in any way to coerce, or give the appearance of coercing, another person to provide any financial benefit to him or persons with whom he has family, business, or financial ties.

**Sec. 305.** An adviser, consultant, or other special Government employee shall not receive or solicit from persons having business with his agency anything of value as a gift, gratuity, loan or favor for himself or persons with whom he has family, business, or financial ties while employed by the government or in connection with his work with the government.

**Sec. 306.** Each agency shall, at the time of employment of a consultant, advisor, or other special government employee require him to supply it with a statement of all other employment. The statement shall list the names of all the corporation, companies, firms, State or local governmental organizations, research organizations and educational or other institutions in which he is serving as employee, officer, member, owner, director, trustee, adviser, or consultant. In addition, it shall list such other financial information as the appointing department or agency shall decide is relevant in the light of the duties the appointee is to perform. The appointee may, but need not, be required to reveal precise amounts of investments. The statement shall be kept current throughout the period during which the employee is on the Government rolls.

## Part IV—Reporting of Financial Interests

**Section 401.** (a) Not later than ninety days after the date of this order, the head of each agency, each Presidential appointee in the Executive Office of the President who is not subordinate to the head of an agency in that Office, and each full-time member of a committee, board, or commission appointed by the President, shall submit to the Chairman of the Civil Service Commission a statement containing the following:

- (1) A list of the names of all corporations, companies, firms or other business enterprises, partnerships, nonprofit organizations, and educational or other institutions—
  - (A) with which he is connected as an employee, officer, owner, director, trustee, partner, adviser, or consultant; or
  - (B) in which he has any continuing financial interests, through a pension or retirement plan, shared income, or otherwise, as a result of any current or prior employment or business or professional association; or
  - (C) in which he has any financial interest through the ownership of stocks, bonds, or other securities.
- (2) A list of the names of his creditors, other than those to whom he may be indebted by reason of a mortgage on property which he occupies as a personal residence or to whom he may be indebted for current and ordinary household and living expenses.
- (3) (a) A list of his interests in real property or rights in lands, other than property which he occupies as a personal residence.
- (b) Each person who enters upon duty after the date of this order in an office or position as to which a statement is required by this section shall submit such statement not later than thirty days after the date of his entrance on duty.
- (c) Each statement required by this section shall be kept up to date by submission of amended statement of any changes in, or additions to, the information required to be included in the original statement, on a quarterly basis.

**Sec. 402.** The Civil Service Commission shall prescribe regulations, not inconsistent with this part, to require the submission of statements of financial interests by such employees, subordinate to the heads of agencies, as the Commission may designate. The Commission shall prescribe the form and content of such statements and the time or times and places of such submission.

**Sec. 403.** (a) The interest of a spouse, minor child, or other member of his immediate household shall be considered to be an interest of a person required to submit a statement by or pursuant to this part.

(b) In the event any information required to be included in a statement required by or pursuant to this part is not known to the person required to submit such statement but is known to other persons, the person concerned shall request such other person to submit the required information on his behalf.

(c) This part shall not be construed to require the submission of any information relating to any person's connection with, or interest in, any professional society or any charitable, religious, social, fraternal, educational, recreational, public service, civic, or political organization or any similar organization not conducted as a business enterprise.

**Sec. 404.** The Chairman of the Civil Service Commission shall report to the President any information contained in statements required by Section 401 of this part which may indicate conflict between the financial interests of the officer or employee concerned and the performance of his services for the Government.

Sec. 405. The statements and amended statements required by or pursuant to this part shall be held in confidence, and no information as to the contents thereof shall be disclosed except as the Chairman of the Civil Service Commission or the head of the agency concerned may determine for good cause shown.

Sec. 406. The statements and amended statements required by or pursuant to this part shall be in addition to, and not in substitution for, or in derogation of, any similar requirement imposed by law, regulation, or order. The submission of a statement or amended statements required by or pursuant to this part shall not be deemed to permit any person to participate in any matter in which his participation is prohibited by law, regulation, or order.

**Part V—Delegating Authority of the President Under Sections 205 and 208 of Title 18 of the United States Code Relating to Conflicts of Interest.**

**Section 501.** As used in this part, "department" means an executive department, "agency" means and independent agency or establishment or a Government corporation, and "head of an agency" means, in the case of and agency headed by more than one person, the chairman or comparable member of such agency.

**Sec. 502.** There is delegated, in accordance with and to the extent prescribed in Sections 503 and 504 of this part, the authority of the President under Sections 205 and 208(b) of Title 18, United States Code, to permit certain actions by an officer or employee of the Government, including a special Government employee, for appointment to whose position the President is responsible.

**Sec. 503.** Insofar as the authority of the President referred to in Section 502 extends to any appointee of the President subordinate to or subject to the chairmanship of the head of a department or agency, it is delegated to such department or agency head.

**Sec. 504.** Insofar as the authority of the President referred to in Section 502 extends to an appointee of the President who is within or attached to a department or agency for purposes of administration, it is delegated to the head of such department or agency.

**Sec. 505.** Notwithstanding any provision of the preceding sections of this part to the contrary, this part does not include a delegation of the authority of the President referred to in Section 502 insofar as it extends to:

- (a) The head of any department or agency in the Executive Branch;
- (b) Presidential appointees in the Executive Office of the President who are not subordinate to the head of an agency in that Office; and
- (c) Presidential appointees to committees, boards, commissions, or similar groups established by the President.

**Part VI—Providing For the Performance By the Civil Service  
Commission of Certain Authority Vested In the President By  
Section 1753 of the Revised Statutes**

**Section 601.** The Civil Service Commission is designated and empowered to perform, without the approval, ratification, or other action of the President, so much of the authority vested in the President by Section 1753 of the Revised Statutes of the United States (5 U.S.C. 631) as relates to establishing regulations for the conduct of persons in the civil service.

**Sec. 602.** Regulations issued under the authority of Section 601 shall be consistent with the standards of ethical conduct provided elsewhere in this order.

## Part VII—General Provisions

**Section 701.** The Civil Service Commission is authorized and directed, in addition to responsibilities assigned elsewhere in this order:

- (a) To issue appropriate regulations and instructions implementing Parts II, III, IV of this order.
- (b) To review agency regulations from time to time for conformance with this order, and
- (c) To recommend to the President from time to time such revisions in this order as may appear necessary to ensure the maintenance of high ethical standards within the Executive Branch.

**Sec. 702.** Each agency head is hereby directed to supplement the standards provided by law, by this order, and by regulations of the Civil Service Commission with regulations of special applicability to the particular functions and activities of his agency. Each agency head is also directed to assure (1) the widest possible distribution of regulations issued pursuant to this section, and (2) the availability of counseling for those employees who request advice or interpretation.

**Sec. 703.** The following are hereby revoked:

- (a) Executive Order No. 10939 of May 1961.
- (b) Executive Order No. 11125 of October 29, 1963
- (c) Section 2(a) of Executive Order No. 10530 of May 10, 1954
- (d) White House memorandum of July 20, 1961, on "Standards of Conduct for Civilian Employees."
- (e) The President's Memorandum of May 2, 1963, "Preventing Conflicts of Interest on the Part of Special Government Employees." The effective date of this revocation shall be the date issuance by the Civil Service Commission of regulations under Section 701 (a) of this order.

**Sec. 704.** All actions heretofore taken by the President or by his delegates in respect of the matters affected by this order and in force at the time of the issuance of this order, including any regulations prescribed or approved by the President or by his delegates in respect of such matters, shall, except as they may be inconsistent with the effect until amended, modified, or revoked pursuant to the authority conferred by this order.

**Sec. 705.** As used in this order, and except as otherwise specifically provided herein, the term "agency" means any executive department, or any independent agency or any Government corporation; and the term "employee" means any officer or employee of and agency.

Lyndon B. Johnson  
The White House,  
May 8, 1963

## APPENDIX B. E.O. 12764

Executive Order 12674

Executive Order 12674 of April 12, 1989  
(as modified by E.O. 12731)

### "PRINCIPLES OF ETHICAL CONDUCT FOR GOVERNMENT OFFICERS AND EMPLOYEES"

"By virtue of the authority vested in me as President by the Constitution and the laws of the United States of America, and in order to establish fair and exacting standards of ethical conduct for all executive branch employees, it is hereby ordered as follows:

#### "Part I Principles of Ethical Conduct

"Section 101. Principles of Ethical Conduct. To ensure that every citizen can have complete confidence in the integrity of the Federal Government, each Federal employee shall respect and adhere to the fundamental principles of ethical service as implemented in regulations promulgated under sections 201 and 301 of this order:

"(a) Public service is a public trust. requiring employees to place loyalty to the Constitution, the laws, and ethical principles above private gain.

"(b) Employees shall not hold financial interests that conflict with the conscientious performance of duty.

"(c) Employees shall not engage in financial transactions using nonpublic Government information or allow the improper use of such information to further any private interest.

"(d) An employee shall not, except pursuant to such reasonable exceptions as are provided by regulation, solicit or accept any gift or other item of monetary value from any person or entity seeking official action from. doing business with, or conducting activities regulated by the employee's agency, or whose interests may be substantially affected by the performance or nonperformance of the employee's duties.

"(e) Employees shall put forth honest effort in the performance of their duties.

"(f) Employees shall make no unauthorized commitments or promises of any kind purporting to bind the Government.

"(g) Employees shall not use public office for private gain.



"(h) Employees shall act impartially and not give preferential treatment to any private organization or individual.

"(i) Employees shall protect and conserve Federal property and shall not use it for other than authorized activities.

"(j) Employees shall not engage in outside employment or activities, including seeking or negotiating for employment, that conflict with official Government duties and responsibilities.

"(k) Employees shall disclose waste, fraud, abuse, and corruption to appropriate authorities.

"(l) Employees shall satisfy in good faith their obligations as citizens, including all just financial obligations, especially those such as Federal, State, or local taxes-that are imposed by law.

"(m) Employees shall adhere to all laws and regulations that provide equal opportunity for all Americans regardless of race, color, religion, sex, national origin, age, or handicap.

"(n) Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards promulgated pursuant to this order.

"Sec. 102. Limitations on Outside Earned Income.

"(a) No employee who is appointed by the President to a full-time noncareer position in the executive branch (including full-time noncareer employees in the White House Office, the Office of Policy Development, and the Office of Cabinet Affairs), shall receive any earned income for any outside employment or activity performed during that Presidential appointment.

"(b) The prohibition set forth in subsection (a) shall not apply to any full-time noncareer employees employed pursuant to 3 U.S.C. 105 and 3 U.S.C. 107(a) at salaries below the minimum rate of basic pay then paid for GS-9 of the General Schedule. Any outside employment must comply with relevant agency standards of conduct, including any requirements for approval of outside employment.

"Part II Office of Government Ethics Authority

"Sec. 201. The Office of Government Ethics. The Office of Government Ethics shall be responsible for administering this order by:

"(a) Promulgating, in consultation with the Attorney General and the Office of Personnel Management, regulations that establish a single, comprehensive, and clear set of executive-branch standards of conduct that shall be objective, reasonable, and enforceable.

"(b) Developing, disseminating, and periodically updating an ethics manual for employees of the executive branch describing the applicable statutes, rules, decisions, and policies.

"(c) Promulgating, with the concurrence of the Attorney General, regulations interpreting the provisions of the post-employment statute, section 207 of title 18, United States Code; the general conflict-of-interest statute, section 208 of title 18, United States Code; and the statute prohibiting supplementation of salaries, section 209 of title 18, United States Code.

"(d) Promulgating, in consultation with the Attorney General and the Office of Personnel Management, regulations establishing a system of non-public (confidential) financial disclosure by executive branch employees to complement the system of public disclosure under the Ethics in Government Act of 1978. Such regulations shall include criteria to guide agencies in determining which employees shall submit these reports.

"(e) Ensuring that any implementing regulations issued by agencies under this order are consistent with and promulgated in accordance with this order.

"Sec. 202. Executive Office of the President. In that the agencies within the Executive Office of the President (EOP) currently exercise functions that are not distinct and separate from each other within the meaning and for the purposes of section 207(e) of title 18, United States Code, those agencies shall be treated as one agency under section 207(c) of title 18, United States Code.

### "Part III Agency Responsibilities

"Sec. 301. Agency Responsibilities. Each agency head is directed to:

"(a) Supplement, as necessary and appropriate the comprehensive executive branch-wide regulations of the Office of Government Ethics, with regulations of special applicability to the particular functions and activities of that agency. Any supplementary agency regulations shall be prepared as addenda to the branch-wide regulations and promulgated jointly with the Office of Government

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Ethics, at the agency's expense, for inclusion in Title 5 of the Code of Federal Regulations.

"(b) Ensure the review by all employees of this order and regulations promulgated pursuant to the order.

"(c) Coordinate with the Office of Government Ethics in developing annual agency ethics training plans. Such training shall include mandatory annual briefings on ethics and standards of conduct for all employees appointed by the President, all employees in the Executive Office of the President, all officials required to file public or nonpublic financial disclosure reports, all employees who are contracting officers and procurement officials, and any other employees designated by the agency head.

"(d) Where practicable, consult formally or informally with the Office of Government Ethics prior to granting any exemption under section 208 of title 18, United States Code, and provide the Director of the Office of Government Ethics a copy of any exemption granted.

"(e) Ensure that the rank, responsibilities, authority, staffing, and resources of the Designated Agency Ethics Official are sufficient to ensure the effectiveness of the agency ethics program. Support should include the provision of a separate budget line item for ethics activities, where practicable.

"Part IV Delegations of Authority

"Sec. 401. Delegations to Agency Heads. Except in the case of the head of an agency, the authority of the President under sections 203(d), 205(e), and 208(b) of title 18, United States Code, to grant exemptions or approvals to individuals is delegated to the head of the agency in which an individual requiring an exemption or approval is employed or to which the individual (or the committee, commission board, or similar group employing the individual) is attached for purposes of administration.

"Sec. 402. Delegations to the Counsel to the President.

"(a) Except as provided in section 401, the authority of the President under sections 205(d), 205(e), and 208(b) of title 18, United States Code, to grant exemptions or approvals for Presidential appointees to committees, commissions, boards, or similar groups established by the President is delegated to the Counsel to the President.

"(b) The authority of the President under sections 208(d), 205(e), and 208(b) of title 18, United States Code, to grant exemptions or approvals

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for individuals appointed pursuant to 3 U.S.C. 105 and 3 U.S.C. 107(a), is delegated to the Counsel to the President.

"Sec. 403. Delegation Regarding Civil Service. The Office of Personnel Management and the Office of Government Ethics, as appropriate, are delegated the authority vested in the President by 5 U.S.C. 7301 to establish general regulations for the implementation of this Executive order.

Part V      General Provisions

"Sec. 501. Revocations. The following Executive orders are hereby revoked:

"(a) Executive Order No. 11222 of May 8, 1965.

"(b) Executive Order No. 12565 of September 25, 1986.

"Sec. 502. Savings Provision.

"(a) All actions already taken by the President or by his delegates concerning matters affected by this order and in force when this order is issued, including any regulations issued under Executive Order 11222, Executive Order 12565, or statutory authority, shall, except as they are irreconcilable with the provisions of this order or terminate by operation of law or by Presidential action, remain in effect until properly amended, modified, or revoked pursuant to the authority conferred by this order or any regulations promulgated under this order. Notwithstanding anything in section 102 of this order, employees may carry out preexisting contractual obligations entered into before April 12, 1989.

"(b) Financial reports filed in confidence (pursuant to the authority of Executive Order No. 11222, 5 C.F.R. part 735, and individual agency regulations) shall continue to be held in confidence.

"Sec 503. Definitions. For purposes of this order, the term:

"(a) Contracting officers and procurement officials' means all such officers and officials as defined in the Office of Federal Procurement Policy Act Amendments of 1988.

"(b) Employee' means any officer or employee of an agency, including a special Government employee.

"(c) `Agency' means any executive agency as defined in 5 U.S.C.

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105, including any executive department as defined in 5 U.S.C. 101, Government corporation as defined in 5 U.S.C. 103, or an independent establishment in the executive branch as defined in 5 U.S.C. 104 (other than the General Accounting Office), and the United States Postal Service and Postal Rate Commission.

"(d) 'Head of an agency' means, in the case of an agency headed by more than one person, the chair or comparable member of such agency.

"(e) 'Special Government employee' means a special Government employee as defined in 18 U.S.C. 202(a).

"Sec. 504. Judicial Review. This order is intended only to improve the internal management of the executive branch and is not intended to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers, or any person."

GEORGE BUSH

THE WHITE HOUSE,  
October 17, 1990.

## APPENDIX C. 2000 SURVEY



United States Office  
of Government Ethics

# Executive Branch Employee Ethics Survey 2000

Please respond within 7 days of receipt.

Survey prepared by Arthur Andersen LLP for  
the U.S. Office of Government Ethics



*Please Read the Following Before Completing This Survey.*

### **PURPOSE**

This survey is designed to gather feedback from employees about their awareness of the Government's executive branch ethics program and their attitudes toward ethical issues in their agencies. It will be used to help the U.S. Office of Government Ethics improve the executive branch ethics program.

### **FREQUENTLY ASKED QUESTIONS**

#### **How will confidentiality be maintained?**

The survey does not ask for any information that would reveal your identity (for example, your name, social security number or specific work location) or your agency's identity. No one will be able to identify your survey responses.

#### **Why did I receive a survey and a coworker of mine did not?**

Employees who received the survey were randomly selected from employees in the executive branch. Employees were selected to ensure representation of certain employee groups (for example, various grade levels).

#### **Whom should I contact if I have questions about this survey?**

Arthur Andersen LLP is managing the survey process for the U.S. Office of Government Ethics. If you have any questions, please contact the contractor directly via e-mail at [ethicssurvey@us.arthurandersen.com](mailto:ethicssurvey@us.arthurandersen.com) or by phone at 630-444-4379.

### **DEFINITION**

For the purpose of this survey, the terms "ethics" and "ethical" have a narrow meaning. They are intended to describe the rules of ethical conduct based on two fundamental principles. Executive branch employees—

- Should act impartially in carrying out their official duties and
- Should not use their public office for private gain.

The rules of ethical conduct, for example, include ethics restrictions and prohibitions that limit or bar employees from —

- Accepting gifts given to them because of where they work or what they do in their Government jobs;
- Giving gifts to their supervisors or accepting gifts from their subordinates;
- Doing work for the Government that could benefit them personally;
- Using Government property, time, or resources for personal tasks;
- Using their Government title or position to get favors for themselves or their friends and relatives; and
- Accepting payment for doing their Government jobs from people outside the Government.

Types of misconduct NOT covered by this survey include:

- Sexual harassment
- Discrimination
- Unfair treatment in terms of promotions, awards, discipline and ratings
- Substance abuse

Your agency's ethics program involves activities that are undertaken to assist employees in understanding and adhering to the executive branch rules of ethical conduct. Program activities include educating employees regarding the ethics standards expected of them and providing counseling and answering employee questions about ethics.



### GENERAL INSTRUCTIONS

- Please complete this survey only if you are a Federal employee in the executive branch.
- Please respond within 7 days of receipt.
- The survey will take approximately 20 minutes to complete.
- Please select the best response for each question based on your experiences, opinions, or perceptions.
- Indicate your responses in pencil by marking the circle corresponding to your response choice.
- Return your completed survey in the postage-paid envelope provided. If your envelope was misplaced, please send the survey to:

Employee Ethics Survey  
Arthur Andersen LLP  
1405 N. Fifth Avenue  
St. Charles, IL 60174

### PART A

**Instructions:** Unless the instructions otherwise indicate, please select the one most appropriate response for each question.

	Very Much So				Not at All
1. How familiar are you with your agency's ethics program?	⑤	④	③	②	①
2. To what extent do you believe each of the following items describes an objective of your agency's ethics program?					
2a. To prevent violations of ethics policies.	⑤	④	③	②	①
2b. To educate employees regarding the ethics standards expected of them.	⑤	④	③	②	①
2c. To ensure and strengthen the public's trust in Government.	⑤	④	③	②	①
2d. To detect unethical behavior.	⑤	④	③	②	①
2e. To discipline/prosecute violators.	⑤	④	③	②	①
2f. To ensure fair and impartial treatment of the public and outside organizations in their dealings with your agency.	⑤	④	③	②	①
2g. To answer employee questions about ethics.	⑤	④	③	②	①
3. How familiar are you with the rules of ethical conduct for executive branch employees?	⑤	④	③	②	①
4. How useful are the rules of ethical conduct in guiding your decisions and conduct in connection with your work?	⑤	④	③	②	①





	<u>Yes</u>	<u>No</u>			
5. Are you aware that there are officials in your agency whose job responsibilities include providing advice to employees on ethics issues?	①	②			
6. In the last 5 years have you sought ethics-related advice in connection with your work?	①	②			
<i>If you selected "No" to Question 6, skip to Question 10.</i>					
7. If you have sought ethics-related advice in the last 5 years, did you consult your agency ethics official?	①	②			
<i>If you selected "No" to Question 7, skip to Question 8.</i>					
7a. How helpful was your agency ethics official?	<u>Very Helpful</u> ⑤	④	③	②	<u>Not Helpful</u> ①
8. If you consulted someone other than your agency ethics official, indicate who you consulted (e.g. Supervisor, Human Resources Office, General Counsel's Office, Colleague, etc.) and rate the helpfulness of each.					
_____	<u>Very Helpful</u> ⑤	④	③	②	<u>Not Helpful</u> ①
_____	⑤	④	③	②	①
_____	⑤	④	③	②	①
9. If you have sought advice in the last 5 years, but did not consult your agency ethics official, why not? (Select all that apply.)					
① There is no ethics staff					
② Didn't know there was an ethics staff					
③ They don't have time for me					
④ No confidence I'd get good advice					
⑤ Believed nothing would be done					
⑥ Afraid I'd get into trouble					
⑦ Other (Specify) _____					
<i>If you answered Question 9, skip to Question 11.</i>					
10. If you have not sought ethics-related advice in the last 5 years, why not? (Select all that apply.)					
① Never had a question					
② Didn't know whom to ask					
③ Confident in my own ability to address issue					
④ No confidence I'd get good advice					
⑤ Believed nothing would be done					
⑥ Afraid I'd get into trouble					
⑦ Other (Specify) _____					



**For the purposes of Questions 11 through 13, "ethics training" includes not only instructor-led training in a classroom setting but also the opportunity to review written materials, watch videotapes, participate in computer-based training, etc.**

11. During the past 5 years, how often have you received ethics training?

- ① Once, as part of my new-employee orientation
- ② Every few years
- ③ Every year
- ④ More than one time each year
- ⑤ Have not received training in the last five years
- ⑥ Have never received any training

*If you selected 5 or 6 in Question 11, skip to Part B.*

12. In general, how useful was the ethics training you received...

	Very Useful				Not Useful
12a. In making you more aware of ethics issues in connection with your work?	⑤	④	③	②	①
12b. In guiding your decisions and conduct in connection with your work?	⑤	④	③	②	①

13. For each of the following training methods, indicate whether you have received ethics training via that method during the past 5 years and, if yes, rate the effectiveness of the training you received.

	Received		Effectiveness				
	Yes	No	Very Effective				Not Effective
13a. In-person instructor-led lecture/discussion	①	②	⑤	④	③	②	①
13b. Teleconference or satellite broadcast	①	②	⑤	④	③	②	①
13c. Videotape	①	②	⑤	④	③	②	①
13d. Computer-based training (e.g., Internet, Intranet, CD-ROM)	①	②	⑤	④	③	②	①
13e. Reference materials (e.g., legal documents, laws, regulations)	①	②	⑤	④	③	②	①
13f. Direct communications (e.g., newsletter, pamphlets, memo, e-mail)	①	②	⑤	④	③	②	①
13g. Other (Specify) _____	①	②	⑤	④	③	②	①



## PART B

**Instructions:** Please mark the response indicating your level of agreement with each of the following statements based on your experiences, opinions, or perceptions.

	Strongly Agree				Strongly Disagree
1. Supervisors at my agency include discussions of ethics when talking with their employees.	⑤	④	③	②	①
2. This agency follows up on ethical concerns that are reported by employees.	⑤	④	③	②	①
3. Our agency leadership cares more about getting the job done than about ethics.	⑤	④	③	②	①
4. This agency practices what it preaches when it comes to ethics.	⑤	④	③	②	①
5. Employees in this agency feel comfortable talking about ethics.	⑤	④	③	②	①
6. You can ignore ethics and still get ahead in this agency.	⑤	④	③	②	①
7. Leadership of this agency regularly shows that it cares about ethics.	⑤	④	③	②	①
8. Senior officials in this agency are less likely to be disciplined for violating ethical standards than other employees.	⑤	④	③	②	①
9. If ethics concerns are reported to the agency, action is taken to resolve them.	⑤	④	③	②	①
10. Supervisors at my work location usually do not pay attention to ethics.	⑤	④	③	②	①
11. This agency makes a serious effort to detect violations of ethics standards.	⑤	④	③	②	①
12. Employees who are caught violating ethics policies are disciplined.	⑤	④	③	②	①
13. Employees in this agency openly discuss the ethics of their decisions and actions.	⑤	④	③	②	①
14. Ethics rules and agency practices are consistent.	⑤	④	③	②	①
15. Employees in this agency are expected to do as they're told, no matter what.	⑤	④	③	②	①
16. Employees at all levels in this agency are held accountable for adhering to ethical standards.	⑤	④	③	②	①



### PART C

**Instructions:** Please mark the response indicating your level of agreement with each of the following statements based on your experiences, opinions, or perceptions.

	Strongly Agree				Strongly Disagree
1. Employees in this agency recognize ethics issues when they arise.	⑤	④	③	②	①
2. Employees seek advice within the agency when ethics issues arise.	⑤	④	③	②	①
3. Employees are comfortable delivering bad news to their supervisors.	⑤	④	③	②	①
4. Employees here make decisions that comply with ethics policies because of the ethics program that is in place.	⑤	④	③	②	①
5. Employees can talk with supervisors about problems without fear of having their comments held against them.	⑤	④	③	②	①
6. I would feel comfortable reporting ethics violations.	⑤	④	③	②	①
7. When ethical issues arise, employees look for advice within the agency.	⑤	④	③	②	①
8. Employees in this agency do not recognize ethics issues that come up at work.	⑤	④	③	②	①
9. Ethics problem solving in this agency is better because of the agency's ethics program.	⑤	④	③	②	①



10. In your opinion, how often do these types of conduct occur at your agency?

	Very Frequently				Never
10a. Agency employees improperly accepting gifts given to them because of where they work or what they do in their Government jobs.	⑤	④	③	②	①
10b. Agency employees improperly giving gifts to their supervisors or accepting gifts from their subordinates.	⑤	④	③	②	①
10c. Agency employees improperly benefiting financially from work they do for the Government.	⑤	④	③	②	①
10d. Agency employees misusing Government property.	⑤	④	③	②	①
10e. Agency employees misusing their Government positions.	⑤	④	③	②	①
10f. Agency employees misusing official time.	⑤	④	③	②	①
10g. Agency employees improperly accepting payment for doing their Government jobs from people outside the Government.	⑤	④	③	②	①
10h. Agency employees in supervisory positions asking for donations from subordinate employees in connection with personal charitable activities.	⑤	④	③	②	①



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**PART D**

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*Instructions: Please write your responses to the following questions in the space provided. Please write legibly.*

1. In your opinion, what, if anything, *makes it difficult* for employees to comply with ethics policies?

2. In your opinion, what, if anything, would *further assist* employees to act ethically in connection with their work?



---

**PART E**

**Instructions:** Please mark the one response for each question that most closely describes you.

1. How long have you worked for the Federal Government?
  - ① Less than 3 months
  - ② 3 months to 1 year
  - ③ 1+ year to 5 years
  - ④ 5+ years to 10 years
  - ⑤ 10+ years to 20 years
  - ⑥ More than 20 years
2. What are your financial disclosure responsibilities?
  - ① I file a Public Financial Disclosure Report (SF 278)
  - ② I file a Confidential Financial Disclosure Report (OGE Form 450, 450-A, or agency-specific alternative)
  - ③ I am not required to file a financial disclosure report
  - ④ I don't know my filing status
3. What is your pay plan?
  - ① Wage grade
  - ② General Schedule or similar, grade 1-12
  - ③ General Schedule or similar, grade 13-15
  - ④ SES, SL, or equivalent
  - ⑤ Other (Please be specific) \_\_\_\_\_
4. What is your work location?
  - ① Washington, D.C. Metro Area (includes DC, MD, VA and WV)
  - ② Other U.S. Location
5. Do you hold a supervisory position?
  - ① Yes
  - ② No

***Thank you for completing the Employee Ethics Survey!***

Please return your completed survey in the postage-paid envelope provided.  
If your envelope was misplaced, please send the survey to:

Employee Ethics Survey  
Arthur Andersen LLP  
1405 N. Fifth Avenue  
St. Charles, IL 60174

## APPENDIX D. 450 FORM AND INSTRUCTIONS

### INSTRUCTIONS FOR OGE FORM 450, CONFIDENTIAL FINANCIAL DISCLOSURE REPORT

#### A. Why You Must File

This report is a safeguard for you as well as the Government. It provides a mechanism for determining actual or potential conflicts between your public responsibilities and your private interests and activities. This allows you and your agency to fashion appropriate protections against such conflicts.

#### B. Who Must File

Agencies are required to designate positions at or below GS-15, O-6, or comparable pay rates, in which the nature of duties may involve a potential conflict of interest. Examples include contracting, procurement, administering grants and licenses, regulating/auditing non-Federal entities, other activities having a substantial economic effect on non-Federal entities, or law enforcement.

All special Government employees (SGEs) must file, unless exempted by their agency or subject to the public reporting system. Agencies may also require certain employees in positions above GS-15, O-6, or a comparable pay rate to file.

#### C. When To File

**New entrant reports:** Due within 30 days of assuming a position designated for filing, unless your agency requests the report earlier. No report is required if you left another filing position within 30 days prior to assuming the new position. (SGEs must file new reports upon each reappointment or redesignation, at the time specified by the agency.)

**Annual reports:** Due not later than October 31, unless extended by your agency.

#### D. Reporting Periods

**New entrant reports:** The reporting period is the preceding twelve months from the date of filing.

**Annual reports:** The reporting period covers October 1 through September 30 (or that portion not covered by a new entrant report). However, no report is required if you performed the duties of your position for less than 61 days during that twelve-month period. (All reappointed or redesignated SGEs file reports, regardless of the number of days worked.)

#### E. Where To File

With ethics officials at the agency in which you serve or will serve, or in accordance with their procedures.

#### F. Definitions

**Dependent Child** - means your son, daughter, stepson, or stepdaughter if such person is either:

- (1) unmarried, under age 21, and living in your household; or
- (2) a "dependent" of yours for Federal income tax purposes. See 26 U.S.C. 152.

**Honoraria** - means payments (direct or indirect) of money or anything of value to you or your spouse for an appearance, speech or article, excluding necessary travel expenses. Also included are payments to charities in lieu of honoraria.

**Special Government Employee (SGE)** - is defined in 18 U.S.C. 202(a) as: an officer or employee of an agency who performs temporary duties, with or without compensation, for not more than 130 days in a period of 365 days, either on a full-time or intermittent basis.

#### G. General Instructions

1. Filers must provide sufficient information about outside interests and activities so that ethics officials can

make an informed judgment as to compliance with applicable conflict of interest laws and standards of conduct regulations.

2. This form consists of five parts, which require identification of certain specific financial interests and activities. **NO DISCLOSURE OF AMOUNTS OR VALUES IS REQUIRED.** You must complete each part (except as indicated for Part V) and sign the report. If you have no information to report in any part or do not meet the threshold values for reporting, check the "None" box. New entrants and SGEs are not required to complete Part V.

3. You must include information applicable to yourself, your spouse, and dependent children on Parts I, II and V. This is required because their financial interests are attributed to you under ethics rules in determining conflicts of interest. Information about your spouse is not required in the case of divorce, permanent separation, or temporary separation with the intention of terminating the marriage or permanently separating. Parts III and IV require disclosures about yourself only.

4. You may distinguish any entry for a family member by preceding it with **S for spouse, DC for dependent child, or J for jointly held.**

#### Part I: Assets & Income

##### Assets:

1. Report all assets held for investment or for the production of income by **you, your spouse, and dependent children**, with a value greater than \$1,000 at the end of the reporting period **or** which produced more than \$200 in income during the reporting period.

##### Salary and Earned Income:

1. **For yourself:** report all sources of salary and earned income greater than \$200 during the reporting period.
2. **For your spouse:** report all sources of salary and earned income if greater than \$1,000 (for honoraria, if greater than \$200).



3. For dependent children: no earned income needs to be reported.

#### Examples of Assets:

- |                             |                                    |
|-----------------------------|------------------------------------|
| - Stocks                    | - Bonds                            |
| - Tax Shelters              | - Investment Real Estate           |
| - Mutual Funds              | - Pensions                         |
| - Annuities                 | - IRA/401(k) Holdings              |
| - Trust Holdings            | - Commodity Futures                |
| - Trades & Businesses       | - Partnership Interests            |
| - Investment Life Insurance | - Collectibles held for Investment |

#### Examples of Income:

- |                          |                            |
|--------------------------|----------------------------|
| <u>Investment Income</u> | <u>Earned/Other Income</u> |
| - Dividends              | - Fees                     |
| - Rents and Royalties    | - Salaries                 |
| - Interest               | - Commissions              |
| - Capital Gains          | - Retirement Benefits      |
|                          | - Honoraria                |

#### Notes:

1. For **pensions**, you will ordinarily just need to indicate the name of the sponsoring employer. However, if you have control over the specific investment assets held in your pension account (it is not independently managed), you must also list those underlying investments or attach an account statement that lists them.
2. For publicly available **mutual funds**, you are only required to indicate the name of the fund, not the investments that the mutual fund holds in its portfolio. You must, however, always indicate the full name of the specific mutual fund in which you hold shares, not just the general family fund name.
3. For other publicly available investment funds, such as publicly offered units of **limited partnerships**, the disclosure requirements are the same as for mutual funds -- list the full name of the limited partnership, but not its underlying portfolio investments.
4. For a **privately held trade or business**, report its name, location, and description of activity.

#### Do Not Report:

1. Your personal residence, unless you rent it out;
2. Federal Government salary or retirement benefits such as the Thrift Savings Plan;
3. Social Security benefits;
4. Money owed to you, your spouse, or dependent child by a spouse, parent, sibling or child;
5. Accounts including certificates of deposit, savings accounts, interest-bearing checking accounts, or any other forms of deposit in a bank, savings and loan association, credit union or similar financial institution;
6. Money market mutual funds and money market accounts;
7. U.S. Government obligations (including Treasury bonds, bills, notes and savings bonds);
8. Government securities issued by U.S. Government agencies or Government-sponsored corporations, such as TVA, GNMA, FNMA; and
9. The underlying holdings of a trust that: 1) was not created by you, your spouse, or dependent children, and 2) the holdings or sources of income of which you, your spouse, and dependent children have no past or present knowledge. An example is a trust created by a relative, from which you receive periodic income but have no knowledge about its assets. Just identify the trust by name and date of creation.

#### Part II: Liabilities

##### Report for Yourself, Spouse, and Dependent Children:

1. Liabilities over \$10,000 owed to any creditor at any time during the reporting period.

#### Do Not Report:

1. Mortgages on your personal residence unless you rent it out;
2. Personal liabilities owed to a spouse, or the parent, sibling, or child of you, your spouse, or dependent child;
3. Loans for personal automobiles, household furnishings, or appliances, where the loan does not exceed the purchase price; and
4. Revolving charge accounts where the outstanding liability does not exceed \$10,000 at the end of the reporting period.

#### Part III: Outside Positions

##### Report for Yourself:

1. All positions outside the U.S. Government held at any time during the reporting period (including positions no longer held), whether or not paid.

**Positions include** an officer, director, trustee, general partner, proprietor, representative, executor, employee, or consultant of any of the following:

1. A corporation, company, firm, partnership, trust, or other business enterprise;
2. A non-profit organization;
3. A labor organization; and
4. A educational or other institution outside the Federal Government.

##### Do Not Report:

1. Positions held in any religious, social, fraternal, or political entity;
2. Positions solely of an honorary nature; and
3. Positions held by a spouse or dependent child.

**Part IV: Agreements or Arrangements**

**Report Your Agreements or Arrangements for:**

1. Current or future employment;
2. A leave of absence from private or other non-Federal employment;
3. Continuation of payment by a former employer other than the Federal Government (including severance payments); and
4. Continuing participation in an employee pension or benefit plan maintained by a former employer other than the Federal Government.

**Do Not Report:**

1. A spouse or dependent child's agreements or arrangements.

**Part V: Gifts and Travel Reimbursements**

**Note:** Part V is not applicable to new entrants and SGEs.

**Report for You, Your Spouse, and Dependent Children:**

1. Travel-related cash reimbursements received from one source during the reporting period totaling more than \$285.
2. Any other gifts totaling more than \$285 from any one source. A "gift" is defined as anything of value, unless you give something of equal or greater value to the donor. This includes tangible items and in-kind transportation, food, lodging, and entertainment.

**Note:** Gifts or reimbursements valued at \$114 or less need not be included in determining the over \$285 reporting threshold.

**Do Not Report:**

1. Anything received from relatives, the U.S. Government, D.C., State, or local governments;
2. Bequests and other forms of inheritance;
3. Gifts and travel reimbursements given to your agency in connection with your official travel;
4. Gifts of hospitality (food, lodging, entertainment) at the donor's residence or personal premises; and
5. Gifts or reimbursements received by a spouse or dependent child totally independent of the relationship to the filer (*Example: a spouse's reimbursement in connection with private employment*).

**Privacy Act Statement**

Title I of the Ethics in Government Act of 1978 (5 U.S.C. App.), Executive Order 12674, and 5 CFR Part 2634, Subpart I, of the Office of Government Ethics regulations require the reporting of this information. The primary use of the information on this form is for review by Government officials of your agency, to determine compliance with applicable Federal conflict of interest laws and regulations. Additional disclosures of the information on this report may be made: (1) to a Federal, State or local law enforcement agency if the disclosing agency becomes aware of a violation or potential violation of law or regulation; (2) to a court or party in a court or Federal administrative proceeding if the Government is a party or in order to comply with a judge-issued subpoena; (3) to a source when necessary to obtain information relevant to a conflict of interest investigation or decision; (4) to the National Archives and Records Administration or the General Services Administration in records management inspections; (5) to the Office of Management and Budget during legislative coordination on private relief legislation; and (6) in response to a request for discovery or for the appearance of a witness in a judicial or administrative proceeding, if the information is relevant to the subject matter. This confidential report will not be disclosed to any requesting person unless authorized by law. See also the OGE/GOVT-2 executive branchwide Privacy Act system of records.

**Penalties**

Falsification of information or failure to file or report information required to be reported may subject you to disciplinary action by your employing agency or other authority. Knowing and willful falsification of information required to be reported may also subject you to criminal prosecution.

**Public Burden Information**

This collection of information is estimated to take an average of one and a half hours per response, including time for reviewing the instructions, gathering the data needed, and completing the form. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Deputy Director for Administration and Information Management, U.S. Office of Government Ethics, Suite 500, 1201 New York Avenue NW., Washington, DC 20005-3917. Do not send your completed OGE Form 450 to this address. See Section E for where to file.

Pursuant to the Paperwork Reduction Act, as amended, an agency may not conduct or sponsor, and no person is required to respond to, a collection of information unless it displays a currently valid OMB control number (that number, 3209-0006, is displayed here and in the upper right-hand corner of the first page of this OGE Form 450).

Mere disclosure of the required information does not authorize holdings, income, liabilities, affiliations, positions, gifts or reimbursements which are otherwise prohibited by law, Executive order, or regulation.

**If you need assistance in completing this form, contact the ethics officials in the agency in which you serve or will serve.**

# Executive Branch CONFIDENTIAL FINANCIAL DISCLOSURE REPORT

Page Number

Employee Name (Last, first, middle initial)		Position/Title		Grade	Reporting Status: <input type="checkbox"/> New hire <input type="checkbox"/> Annual	
Agency		Branch/Unit and Address		Work Phone	If New Hire, Date of Appointment	
<input type="checkbox"/> Check box if special Government employee (SGE)		<input type="checkbox"/> If on SGE, Home Address (Number, Street, City, State and ZIP Code)				
I certify that the statements I have made on this form and all attached statements are true, complete, and correct to the best of my knowledge.				Signature of Employee		Date
Date Received by Agency	On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (except as noted in "Comments" box below)		Signature and Title of Supervisor/Other Intermediate Reviewer (if agency requires)			Date
Signature of Agency's Final Reviewing Official and Title			Date	Comments of Reviewing Official		
(Check box if certified as correct) <input type="checkbox"/>						

## Part I: Assets and Income

None ☐

**Identify for you, your spouse, and dependent children:** (1) assets with a fair market value greater than \$1,000 at the close of the reporting period or producing income over \$200, and (2) sources of interest income such as salaries, fees, honoraria (other than U.S. Government salary or retirement benefits, such as for Social Security Administration) generated over \$200 in income during the reporting period. Shared income sources of your spouse must be reported if greater than \$1,000 (greater than \$200 for honoraria). For shared income credits to be reported for dependent children.

Assets include (but are not limited to): assets, bonds, tax shelter, real estate, mutual funds, pensions, annuities, IRAs, trusts, insurance, stocks, bonds and businesses, and partnership interests.

**Exclude:** your personal residence, unless you rent it out, and deposit accounts in financial institutions. See instructions for additional exclusions.

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Assets and Income Sources (Identify specific employer, business, stock, bond, mutual fund, type/location of real estate, etc.)		CO (if no longer held)	Measure of Income over \$200 (Rent, interest, dividends, capital gains, salary, etc.)	Date (Only for honoraria)
Examples	Real Estate, Anchorage, Alaska		Rent	
	Doc. Jones & Smith, Hometown, USA	X	Salary	
	(S) Alexandria Medical Clinic, Alexandria, VA		Salary	
	Franklin Equity Mutual Fund		Dividends/Capital Gains	
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

# Executive Branch CONFIDENTIAL FINANCIAL DISCLOSURE REPORT

Page Number

Employer's Name (Last, first, middle name)

## Part I: Assets and Income

Assets and Interest Sources (Identify specific employer, business, stock, bond, mutual fund, type/location of real estate, etc.)	(x) If no longer held	Values of Income over \$100 (Net interest, dividends, capital gains, salary, etc.)	Date (Only for honoraria)
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			

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Page Number

Employee's Name (Last, first, middle initial)

Work Phone

**Part II: Liabilities**

None ☐

**Report for you, your spouse, and dependent children.** liabilities over \$10,000 owed at any time during the reporting period (over \$10,000 at the end of the period if revolving charge accounts). **Exclude** a mortgage on your personal residence unless it is rented out; loans for autos, household furniture or appliances; and liabilities owed to certain family members (see instructions).

Creditors (Name and address)		Type of Liability (Mortgage, promissory note, etc.)
Example	First Alaska Bank, Anchorage, Alaska	Mortgage on rental property in Anchorage, AK
1		
2		
3		

**Part III: Outside Positions**

None ☐

Report any positions, whether or not compensated, which you held outside the U.S. Government during the reporting period. Positions include (but are not limited to) an employee, officer, director, trustee, general partner, proprietor, representative, executor, or consultant for a business, non-profit or labor organization, or educational institution. **Exclude** positions with religious, social, fraternal, or political entities or those solely of an honorary nature. You need not report any positions of your spouse or dependent children.

Organization (Name and address)	Type of Organization	Position	(X) <small>Has legal title</small>
Example	Dee, Jones & Smith, Hometown, USA	Law Firm	Associate
1			
2			
3			
4			

**Part IV: Agreements or Arrangements**

None ☐

Report your agreements or arrangements for current or future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. You need not report agreements or arrangements of your spouse or dependent children.

Terms of Any Agreement or Arrangement		Parties	Date
Example	Will receive retained pension benefits (independently managed, fully funded, defined contribution plan)	Dee, Jones & Smith, Hometown, USA	2/99
1			
2			
3			

**Part V: Gifts and Travel Reimbursements**

Do not complete this part if you are a new entrant or special Government employee.

None ☐

**Report for you, your spouse, and dependent children.** gifts or travel reimbursements you have received from one source totaling more than \$285. **Exclude** anything valued at \$114 or less; anything received by your spouse or dependent child totally independent of their relationship to you; anything from a relative or from the U.S. Government; anything given to your agency in connection with your official travel; and food, lodging, or entertainment received as personal hospitality at the donor's residence or premises.

Source	Description (For travel related items, include itinerary)	Date
Example	Dee, Jones & Smith, Hometown, USA	Leather briefcase as a departing gift
1		
2		
3		
4		

# APPENDIX E. 278 FORM AND INSTRUCTIONS

## Standard Form 278 Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT

### Instructions for Completing SF 278

#### I. Introduction

##### Reporting Periods

**Incumbents:** Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year, except Part II of Schedule C and Part I of Schedule D where you must also include any positions held and agreements or arrangements made from the beginning of the filing year until the date you file. Schedule B need not include transactions made, or gifts or reimbursements received, during a period when the filer was not a Federal employee.

**Termination Filers:** Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination of Government employment in the position.

**Nominees, New Entrants and Candidates for President and Vice President:** Complete Schedules A, C, and D (candidates do not file Part II of Schedule D), as follows:

- **Schedule A** - The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is less than 31 days before the date of filing.

- **Schedule C, Part I (Liabilities)** - The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is less than 31 days before the date of filing.

- **Schedule C, Part II (Agreements or Arrangements)** - Show any agreements or arrangements as of the date of filing.

- **Schedule D** - The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

##### Scope of Disclosure

The extent of the reporting requirement is noted in each schedule. The various schedules of this form require reporting of your financial interests and activities, both in the U.S. and abroad, except as otherwise noted. In addition to your individual financial information, you are required to report information concerning your spouse and dependent children in several schedules of the form. However, no report is required with respect to your spouse if he or she is living separate and apart from you with the intention of terminating the marriage or providing for permanent separation. In addition, no report is required with respect to any income or obligations of an individual arising from the dissolution of marriage or permanent separation from a spouse. There are other exceptions to the reporting of assets and income, transactions, and liabilities of a spouse or dependent child which are discussed in the instructions applicable to those subjects.

A basic premise of the statutory financial disclosure requirements is that those having responsibility for review of reports filed pursuant to the Ethics in Government Act or permitted public access to reports must be given sufficient information by reporting individuals concerning the nature of their outside interests and activities so that an informed judgment can be made with respect to compliance with applicable conflict of interest laws and standards of conduct regulations. Therefore, it is important that you carefully complete the attached form. This report is a safeguard for you as well as the Government, in that it provides a mechanism for determining actual or potential conflicts between your public responsibilities and your private interests and activities and allows you and your agency to fashion appropriate protections against such conflicts when they first appear.

A Presidential nominee to a position requiring the advice and consent of the Senate shall file with the Senate committee considering the nomination an amendment to the initial report, which shall update all items of earned income and honoraria through the period ending no earlier than 5 days before the scheduled date of the Senate committee hearing on the nomination. This update shall be provided in the manner requested by the Senate committee considering the nomination. Copies shall be provided to OGE and your agency ethics official.

##### Definition of Terms

###### • Category of Amount

Reportable financial interests are disclosed either by actual amount or by category of amount, depending on the interest, as specified by the form. You may, but you are not required to, indicate an actual amount where the form provides for a category of amount or value.

###### • Dependent Child

The term "dependent child" means your son, daughter, stepson, or stepdaughter if such person is either: (1) unmarried, under age 21, and living in your household, or (2) a "dependent" of yours within the meaning of section 152 of the Internal Revenue Code of 1986.

###### • Excepted Investment Fund

An excepted investment fund is a mutual fund, common trust fund of a bank, pension or deferred compensation plan, or any other investment fund, which is widely held; publicly traded (or available) or widely diversified; and under circumstances where you neither exercise control over nor have the ability to exercise control over the financial interests held by the fund. A fund is widely diversified when it holds no more than 5% of the value of its portfolio in the securities of any one issuer (other than the U.S. Government) and no more than 20% in any particular economic or geographic sector.

• **Gifts**

See instructions for Schedule B, Part II.B.

• **Honoraria**

The term “honoraria” means payments of money or anything of value to you or your spouse for an appearance, speech, or article, excluding necessary travel expenses. See 5 U.S.C. app. § 505(3).

• **Personal Savings Account**

The term “personal savings account” includes a certificate of deposit, a money market account, or any other form of deposit in a bank, savings and loan association, credit union, or similar financial institution.

• **Trusts (“Qualified” and “Excepted”)**

See instructions for Schedule A, Part II.B., and 5 C.F.R. Part 2634, Subpart D.

• **Value**

You may use any one of the methods described below, in determining fair market value:

Option 1 - any good faith estimate of the value of the property if the exact value is unknown or not easily obtainable;

Option 2 - value based upon a recent appraisal of the property interest;

Option 3 - the purchase price of your property interest, or estimated retail price of a gift;

Option 4 - the assessed value of the property for tax purposes, adjusted to reflect current market value if the tax assessment is computed at less than 100% of current value;

Option 5 - the year-end book value of non-publicly traded stock, or the year-end exchange value of corporate stocks, or the face value of corporate bonds or comparable securities;

Option 6 - the net worth of your interest (as in a business partnership or other jointly held business interest);

Option 7 - the equity value of your interest (as in a solely owned business or commercial enterprise); or

Option 8 - exact value (e.g., personal savings accounts) or any other recognized indication of value (such as last sale on a stock exchange).

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**II. Who Must File**

a. Candidates for nomination or election to the office of President or Vice President.

b. Presidential nominees to positions requiring the advice and consent of the Senate, other than those nominated for judicial office or as a Foreign Service Officer or for appointment to a rank in the uniformed services at a pay grade of O-6, or below.

c. The following newly elected or appointed officials:

• The President;

• The Vice President;

• Officers and employees (including special Government employees, as defined in 18 U.S.C. § 202) whose positions are classified above GS-15 of the General Schedule, or the rate of basic pay for which is fixed, other than under the General Schedule, at a rate equal to or greater than 120% of the minimum rate of basic pay for GS-15 of the General Schedule.

• Members of the uniformed services in pay grade O-7 or above;

• Officers or employees in any other positions determined by the Director of the Office of Government Ethics to be of equal classification to above GS-15;

• Administrative law judges;

• Employees in the excepted service in positions which are of a confidential or policy-making character, unless by regulation their positions have been excluded by the Director of the Office of Government Ethics;

• The Postmaster General, the Deputy Postmaster General, each Governor of the Board of Governors of the U.S. Postal Service and officers or employees of the U.S. Postal Service or Postal Rate Commission in positions for which the rate of basic pay is equal to or greater than 120% of the minimum rate of basic pay for GS-15 of the General Schedule;

• The Director of the Office of Government Ethics and each designated agency ethics official; and

• Civilian employees in the Executive Office of the President (other than special Government employees) who hold commissions of appointment from the President.

d. Incumbent officials holding positions referred to in section II.c. of these instructions if they have served 61 days or more in the position during the preceding calendar year.

e. Officials who have terminated employment after having served 61 days or more in a calendar year in a position referred to in section II.c. and have not accepted another such position within 30 days thereafter.

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**III. When to File**

a. Within 30 days after becoming a candidate for nomination or election to the office of President or Vice

President, or by May 15 of that calendar year, whichever is later, but at least 30 days before the election, and on or before May 15 of each succeeding year an individual continues to be a candidate.

b. At any time after the President or President-elect has publicly announced an intention to nominate an individual referred to in section II.b. of these instructions, but no later than 5 days after the President transmits the nomination to the Senate.

c. Within 30 days after assuming a position described in section II.c. unless such an individual has left another such position within 30 days prior to assuming the new position, or has already filed a report with respect to nomination for the new position (section II.b.) or as a candidate for the position (section II.a.).

d. No later than May 15th annually, in the case of those in a position described in section II.d.

e. In the event an individual terminates employment in the position and does not accept another position described in section II.c. within 30 days, the report must be filed no later than the 30th day after termination.

f. **Extensions.** An employing agency may grant an extension of time of up to 45 days to a filer to file any report under sections III. c.-e. above (the FEC for any report under section III. a. above). OGE may grant an additional extension of time up to 45 days to file any such report.

g. **Fee for Late Filing.** Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period, shall be subject to a \$200 late filing fee. A report is considered to be filed when it is received by the agency. Unless waived by OGE, such fee will be collected by the filer's agency, for deposit with the U.S. Treasury.

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#### IV. Where to File

a. Candidates for President and Vice President, with the Federal Election Commission.

b. The President and Vice President, with the Office of Government Ethics.

c. Members of a uniformed service, with the Service Secretary concerned.

d. All others, with the designated agency ethics official, or that official's delegate, at the agency in which the individual serves, will serve or has served.

e. In the case of individuals nominated by or to be nominated by the President to positions requiring confirmation of the Senate, see 5 C.F.R. Part 2634 for expedited procedures and filing location.

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#### V. General Instructions

a. This form consists of the front page and four Schedules. If possible, use a black ink pen or typewriter to fill out your report. You must complete each Part of all Schedules as required. If you have no information to report in any Part of a Schedule, you should indicate "None." If you are not required to complete Schedule B or Part II of Schedule D, you should leave it blank. Schedule A combines a report of income items with the disclosure of certain property interests. Schedule B deals with transactions in real property or certain other assets, as well as gifts and reimbursements. Schedules C and D relate to liabilities and employment relationships. After completing the first page and each Part of the Schedules (including extra sheets of any Schedule where continuation pages are required for any Part), consecutively number all pages.

b. The information to be disclosed is only that which the Ethics in Government Act of 1978, as amended (the Act) and 5 C.F.R. Part 2634 specifically require. You may, however, include any additional information, beyond those requirements, that you wish to disclose for purposes of clarification. Disclosure of information does not authorize any holdings, income, honoraria, liabilities, transactions, gifts, reimbursements, affiliations or positions otherwise prohibited by law, Executive order, rule or regulation.

c. Combine on one form the information applicable to yourself, your spouse and dependent children; or if more convenient, use separate schedules to report the required information applicable to family members. You may, if you desire, distinguish any entry for a family member by preceding the entry with an (S) if it is for a spouse or a (DC) if it pertains to a dependent child. Joint assets may be indicated by a (J). See 5 C.F.R. Part 2634, Subpart C, for exclusions in the case of separation or divorce.

d. Definitions of the various terms used in these instructions and detailed information as to what is required to be disclosed are contained in 5 C.F.R. Part 2634.

e. In the case of references to entities which are operating trades or businesses which do not have listed securities, you must provide sufficient information about these private entities to give the reviewers of your disclosure report an adequate basis for the conflicts analysis required by the Act. Thus, you must disclose the location and primary trade or business of private entities, as well as attributed interests and activities not solely incidental to such a primary trade or business. For instance, if your family swimming pool services corporation incurs a liability to purchase an apartment house for investment in addition to its pool services business, you will have to report the apartment house investment as part of the nature of the business of the family corporation.



f. In the case of references to entities which are investment funds such as mutual or pension funds (whether public or private), you must disclose the portfolio holdings and all other items such as transactions and liabilities to the extent otherwise required for reportable interests, unless the entity is an “excepted investment fund.” See Definition of Terms above.

g. If you need assistance in completing this form, contact the designated agency ethics official of the agency in which you serve, will serve, or have served.

Schedule A
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## I. General Instructions

Two of the general disclosure requirements of the Act concern certain interests in property (generally referred to here as assets) and items of income. Schedule A is designed to enable you to meet both of these reporting requirements. Generally a description of your, your spouse's, and your dependent child's assets and sources of income is required to be listed in BLOCK A of the Schedule. Reading from left to right across the page from each description of the asset or income source, you will be able to report in BLOCK B the value of each asset, and in BLOCK C the type and amount of income generated by that asset or received from the non-asset source.

On Schedule A are four examples which are representative of the reporting scheme of this Schedule. The first example represents the proper method of reporting stock of Central Airlines Company held at the end of the reporting period which then had a value of \$75,000. The individual had also received dividends of \$1,500, reported in BLOCK C. If the Central Airlines stock had been sold, there would be a check in the “None (or less than \$1,001)” column in BLOCK B if the individual no longer owned any of the stock at the end of the reporting period, and there would be an entry for capital gains as well as dividends in BLOCK C if they were realized

during the period. The second example represents the proper method of reporting the source of \$130,000 of earned income from private law practice, as well as \$18,500 the reporting individual maintained in the capital account in the law firm at the end of the reporting period.

The third example represents acceptable reporting of an investment fund which is widely held, widely diversified (or publicly traded) and independently managed. Because it meets these requirements, no individual assets of the fund need to be reported, and the type of income does not need to be broken into dividends, interest, or capital gains as long as the column for “excepted investment fund” is marked. The fourth example reports a mutual fund held in an IRA from which the filer has accrued dividends of \$10,000.

Normally you will have to list an item only once in BLOCK A with all other value and income information associated with that item shown on the same line to the right. However, when you have a number of different kinds of financial arrangements and income involving one entity, a full disclosure of all the required information for that entity may require more than one line. You may always use more than one line for clarification if you choose.

## II. Property Interests and Assets

### (BLOCKS A and B)

#### A. Items to Report

Report the identity and category of valuation of any interest in property (real or personal) held by **you, your spouse or dependent child** in a trade or business, or for investment or the production of income which has a fair market value which **exceeds \$1,000** as of the close of the reporting period. These interests include, but are not limited to, stocks, bonds, pension interests and annuities, futures contracts, mutual funds, IRA assets, tax shelters, beneficial interests in trusts, personal savings or other

bank accounts, real estate, commercial crops, livestock, accounts or other funds receivable, and collectible items held for resale or investment. **Exceptions:** Exclude your personal residence (unless rented out) and any personal liability owed to you, your spouse or dependent child by a spouse or dependent child, or by a parent, brother, sister or child of you, your spouse, or dependent child. Exclude any retirement benefits (including the Thrift Savings Plan) from Federal Government employment and any social security benefits. Exclude also any deposits aggregating \$5,000 or less in personal savings accounts in a single financial institution.

With respect to assets of a spouse or a dependent child, do not report items:

- (1) which represent your spouse's or dependent child's sole financial interest or responsibility and of which you have no knowledge;
- (2) which are not in any way, past or present, derived from your income, assets, or activities; and
- (3) from which you neither derive, nor expect to derive, any financial or economic benefit.

**Note:** It is very difficult for most individuals to meet all three parts of this test, especially (3). For instance, if you file a joint tax return with your spouse, you derive a financial or economic benefit from the items involved and you are charged with knowledge of those items. A trust for the education of your minor child would also convey a financial benefit to you. Therefore, those asset and income items do not fit the test.

A personal residence held for investment or production of income, such as a summer home rented during parts of the year, must be reported.

Intermittent sales from personal property such as collections of antiques or art holdings demonstrate that the items are held for investment or the production of income and should therefore be reported.

## B. What to Show on the Form

Enter the identity of the asset in BLOCK A and then show the value in BLOCK B. **Only the category of value, rather than the actual value of the property interest or asset,** must be shown. You need not disclose which valuation methods you used.

**For assets such as stocks, bonds, and securities,** report any holdings directly held or attributable to **you, your spouse or dependent child** from one source totaling more than \$1,000 in value. **Identify the holding and show the category of value.** If you hold different types of securities of the same corporation (e.g., bonds and stocks of "X" Corporation), these holdings should be considered as being from the same source for purposes of determining whether the aggregate value of the interest is below or above the \$1,000 threshold value. Report personal savings accounts only if they aggregate more than \$5,000 in a single financial institution.

If you have an interest in an investment fund or pool which is an "excepted investment fund" (see Definition of Terms above), you need only identify the interest by giving the complete name of the fund, rather than identifying the underlying assets as well.

**To report interests of you, your spouse, or dependent child in a business, a partnership, or joint venture, or the ownership of property held for investment or the production of income, identify the character of the ownership interest, and the nature and location of the business or interest, unless it is a publicly traded security.** For example, the entry for a holding of farmland might show, under BLOCK A... "sole ownership of 100 acres of unimproved dairy farmland on Rural Route #1 at Pine Bluff, Madison County, Wisconsin."

You must disclose the primary trade or business of non-public entities, as well as interests and activities not solely incidental to such a trade or business. For

example, if your family is involved in a private real estate investment business but as a side interest buys stock through the business in a bank, you must disclose that in addition to real estate (by type and general location), the family business holds an interest in a bank.

For an IRA (Individual Retirement Account), indicate the value of each underlying asset, as well as the income derived therefrom (even though deferred for Federal tax purposes) in accordance with section IV below, to enable the reviewer to evaluate compliance with applicable laws and regulations. If the IRA were invested solely in a mutual fund such as "Templeton World Fund, Inc." and the investment properly disclosed in Schedule A, that would be sufficient identification of the asset, since for most reporting individuals that fund would be an "excepted investment fund." If, however, the IRA had an individual or privately managed portfolio, detailed disclosure of the portfolio would be required on Schedule A in the same amount of detail as if each investment were directly held.

**With respect to trusts in which a vested beneficial interest in principal or income is held, or as to which you serve as trustee, report trust interests and trust assets which had a value in excess of \$1,000.** See 5 C.F.R. Part 2634 for more information about vested interests.

You need not report the identity of assets of a trust of which you, your spouse or dependent children are the beneficiaries if the interest is:

1. a "qualified blind trust" or "qualified diversified trust," which has been certified by the Office of Government Ethics, in accordance with 5 C.F.R. Part 2634, Subpart D, or
2. an "excepted trust," that is, one which:
  - A. was not created by you or your spouse or dependent children, and

B. has holdings or sources of income of which you, your spouse and dependent children have no knowledge.

In the case of these special types of trusts, you should show in BLOCK A the identity of the trust, including the date of creation, and next to BLOCK C, the classification of the trust as a "qualified trust" or an "excepted trust." You should also report in BLOCK B the category of the total cash value of the interest in a qualified blind or qualified diversified trust, unless the trust instrument was executed prior to July 24, 1995, and precludes the beneficiary from receiving information on the total cash value of any interest therein. (The category of amount of the trust income, if it exceeded \$200, must also be reported in BLOCK C, in accordance with section IV below.)

**Note:** You are not permitted by the statute to "create" an excepted trust by instructing a trustee not to divulge information or otherwise avoiding previous sources of knowledge upon entering Government service.

Do not report a trust of which your spouse or dependent child is a beneficiary that meets the three part test set forth in the second paragraph under II.A. A trust that does not fit that exception may still be an excepted trust under this section; in such case, it must be reported, but the assets need not be identified.

Except for the special trusts or funds referred to above, you must identify each individual investment held by a trust or fund, which had a value in excess of \$1,000. For example, in BLOCK A an entry such as "trust held by First National Bank (Boston, MA) consisting of ITT stock, U.S. Treasury certificates, and Dallas Municipal Bonds" might be made. In BLOCK B the applicable value of each trust asset would be entered. (As described under IV.B.6. Trust Income, below, the income from each asset would be entered in BLOCK C as well as income from assets of the trust sold during the reporting period.)

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### III. Earned and Other Non-Investment Income

(BLOCKS A and C)

#### A. Items to Report

For yourself, report the identity of the source in BLOCK A and the type and **actual** amount in BLOCK C of non-investment income **exceeding \$200** from any one source. Such income includes fees, salaries, commissions, compensation for personal services, retirement benefits, and honoraria. Report these items on the same line as related interests in property, if any.

**For your spouse, report the source, but not the amount,** of non-investment income exceeding \$1,000 and the source, amount and date of honoraria exceeding \$200 from any one source. **No report of the earned or other non-investment income of your dependent children is required.**

**Exclude** for yourself and spouse income from employment by the United States Government and from any retirement system of the United States (including the Thrift Savings Plan) or from social security.

#### B. What to Show on the Form

**1. HONORARIA** - For **you or your spouse**, show honoraria aggregating more than \$200 from any one source. Report the **identity of the source** in BLOCK A, and the **date** of the services performed and **actual amount** in BLOCK C. List each honorarium separately. For example, if, prior to your Government service, you received \$1,500 for a speech before the Chicago Civic Club on March 19, 1999 of which \$200 was actually spent for round-trip travel, and \$200 went to the agent who made the speaking arrangement, on your new entrant report you would enter in BLOCK A... "Chicago Civic Club, 18 Lakeshore Dr., Chicago, IL"; in BLOCK C under OTHER (specify type)... "Honorarium"; for

ACTUAL AMOUNT... "\$1,100," and under DATE... "3/19/99." Honoraria received and donated to charity must be reported, but a notation explaining that fact may be included in reporting such items. The source, date and amount of payments made or to be made directly to a charitable organization in lieu of honoraria must also be disclosed.

**2. EARNED AND OTHER NON-INVESTMENT INCOME** - Include all income, exclusive of honoraria, from non-investment sources including fees, commissions, salaries, and income from personal services or retirement. Report the **identity of the source** and **give the actual amount of such income** exceeding \$200 from any one source. For example, if you earned \$450 teaching at a law school, enter in BLOCK A... "John Jones Law School, Rockville, MD"; in BLOCK C under OTHER... "Salary"; and under ACTUAL AMOUNT... "\$450." If you earned \$75 for teaching in one law school and \$250 from teaching at another school, report only the \$250 amount. Report employee benefits and severance payments which meet the reporting requirements separately from salary.

If **your spouse** has earned income in excess of \$1,000 (other than honoraria) from any one source, **identify the source but show nothing under amount.** If your spouse is self-employed in a business or profession, for example as a practicing psychologist who earned \$10,500 during the year, you need only show under BLOCK A... "practicing psychologist."

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### IV. Investment Income

(BLOCKS A and C)

Report items of investment income on the same line of Schedule A as the related property interest or other asset from which income is derived. Note that some property interests or other assets will not have a related item of income. In such a case, check "None (or less than \$201)" in BLOCK C under category of amount.

#### A. Items to Report

Report the identity in BLOCK A and the type and value in BLOCK C of any investment income over \$200 from any one source received by or accrued to the benefit of **you, your spouse or dependent child** during the reporting period. For purposes of determining whether you meet the over \$200 threshold from any one source, you must aggregate all types of investment income from that same source. For your spouse or dependent child such income is only required to be reported if the asset source meets the reporting threshold in section II above.

Investment income includes, but is not limited to: income derived from dealings in property, interest, rents, royalties, dividends, capital gains; income from annuities, the investment portion of life insurance contracts, or endowment contracts; your distributive share of partnership or joint venture income, gross business income, and income from an interest in an estate or trust. You need not show the actual dollar amount of dividends, rents and royalties, interest, capital gains, or income from qualified trusts, excepted trusts, or excepted investment funds. For these specific types of income, you need only check the category of amount of the item reported. For all "other investment income" as described in item 7 below, you will have to report the actual dollar amount of income from each source, and indicate the type in the space marked "Other Income (Specify Type & Actual Amount)" in BLOCK C.

#### B. What to Show on the Form

**Check all applicable classifications of income and corresponding categories of amounts.** If more than one type of income is derived from the same asset, check all relevant types (unless an excepted investment fund) and categories of amount. Categories of amount may be distinguished by using the abbreviations D, R, I and CG in the boxes, in lieu of checks, to represent dividends, rents/royalties, interest or capital gains.

**1. DIVIDENDS** - Show in BLOCK C the amount **you, your spouse or dependent child** accrued or received as dividends from investment sources including common and preferred securities and underlying assets of pensions and mutual funds (unless an excepted investment fund). **Identify the source of such income and check the category of amount.** For example, if cash dividends of \$950 were received for shares of common stock of IBM, enter in BLOCK A... "IBM common" and in BLOCK C check that dividend income was received and check the appropriate category of amount.

**2. RENTS AND ROYALTIES** - Show income accrued or received by **you, your spouse or dependent child** as rental or lease payments for occupancy or use of personal or real property in which any one of you has an interest. In addition, show payments accrued or received from such interests as copyrights, royalties, inventions, patents, and mineral leases or other interests. **Identify the source of such income and check the category of amount.** For example, if you received \$2,000 as rental income from an apartment building in Miami, Florida, enter in BLOCK A... "apartment building at 5802 Biscayne Blvd., Miami, FL," and in BLOCK C check that rental income was received and check the appropriate category of amount.

**3. INTEREST** - **Identify the source and the category of amount** of any interest accrued or received by **you, your spouse or dependent child** as income from investment holdings including: bills and notes, loans, personal savings accounts, annuity funds, bonds, and other securities. For example, if you earned \$300 in interest during the calendar year on a Savings Certificate with Federal Savings and Loan, enter in BLOCK A... "Federal Savings and Loan (Baltimore, MD)-Savings Certificate," and in BLOCK C check that interest income was received and check the appropriate category of amount.

**4. CAPITAL GAINS** - Report income from capital gains realized by **you, your spouse or dependent child** from sales or exchanges of property, business interests, partnership interests or securities. **Identify the source**

**and check the category of amount of the gain.** An example of an entry in BLOCK A might be "sale of one-third interest in 100-acre farm in Hamilton County, Iowa" and in BLOCK C check that capital gains were received and check the appropriate category of amount.

**5. INVESTMENT FUND INCOME** - **Identify the fund and the category of amount and the type(s) of income** from investment funds such as mutual or pension funds for **you, your spouse or dependent child.** This may include dividends, capital gains and interest for a single fund or income from an excepted investment fund. Income from each individual asset of the fund must also be listed, unless it is an excepted investment fund, in which case income from individual assets is not required to be listed. See Definition of Terms above for discussion of excepted investment funds.

**6. TRUST INCOME** - Report the **category of amount and the type of income** accrued or received from any trust. Whenever you are required to identify the source of trust income, either for **yourself or for a spouse or dependent child**, it is not enough simply to say "John Jones Trust." Generally, the investment holdings of the trust, discussed above under "Property Interests and Assets," and the income derived from each holding must be identified to the same extent as if held directly. However, if the trust is a qualified trust or an excepted trust, in BLOCK A show only the identity of the trust including the date of creation, in BLOCK B the category of the total cash value of your interest (if a qualified trust), next to BLOCK C check the classification of the trust interest as a "qualified trust" or "excepted trust," and in BLOCK C show the category of amount of income attributable to you, your spouse or dependent child.

**7. OTHER INVESTMENT INCOME** - Report any other items of investment income exceeding \$200 and not described above, along with the specific type and **actual amount**, such as gross income from business interests, endowment or annuity contract payments, estate income, or a distributive share of a partnership or joint business venture income. To identify the sources of

other investment income, either for **you, your spouse, or a dependent child**, briefly characterize in BLOCK A the nature of the business or investment interest and, when applicable, the location: for example... "one-third ownership in a retail furniture store at 1010 Grand Ave., Chicago, IL." In BLOCK C under OTHER, specify the applicable type of income, for example... "distributive share" from a partnership or "gross income" from a proprietorship, and under ACTUAL AMOUNT the actual amount of such income which was received during the reporting period. Where the asset is listed because of a value of greater than \$1,000 in BLOCK B, but it does not produce more than \$200 in income for the reporting period, check "None (or less than \$201)" instead of listing the actual amount.

## Schedule B

### I. Part I - Transactions

#### A. General Instructions and Items to Report

**This part is to be completed by incumbents and termination filers only.** Give a description, the date, and the category of amount of any purchase, sale, or exchange of any real property, stocks, bonds, commodity futures, excepted investment fund shares, and other securities by **you, your spouse or dependent child** when the amount involved in the transaction exceeded \$1,000. Also, indicate whether sales were made pursuant to a certificate of divestiture previously issued by OGE to permit delayed recognition of capital gain. (For more information on certificates of divestiture, see 5 C.F.R. Part 2634, Subpart J.) This includes reporting any sale or exchange of an asset involving an amount exceeding \$1,000 when the sold or exchanged asset did not yield income of more than \$200 (and therefore was not reported on Schedule A), or reporting the purchase of an asset involving an amount exceeding \$1,000 but at the end of the reporting period having a value of \$1,000 or less and earning income of \$200 or less during the reporting period (and therefore not appearing on

Schedule A). The example on the form shows the proper way to disclose Central Airlines common stock the reporting individual purchased for \$75,000 on 2/1/99. Note that on Schedule A there is an entry for the stock as well since it was still held at the end of the reporting period.

You need not report a transaction involving (1) your personal residence (unless rented out); (2) a money market account or personal savings account; (3) an asset of your spouse or dependent child if the asset meets the three-part test set forth under the instructions for Schedule A, at II.A.; (4) a holding of a "qualified blind trust," a "qualified diversified trust," or an "excepted trust"; (5) U.S. Treasury bills, notes, and bonds; (6) transactions which occurred prior to your Federal Government employment; or (7) transactions solely by and between the reporting individual, spouse, or dependent child.

You will need to report any transactions made by a non-public business or commercial enterprise, investment pool, or other entity in which you, your spouse or dependent child have a direct proprietary, general partnership or other interest unless (1) the entity is an "excepted investment fund," or (2) the transaction is incidental to the primary trade or business of the entity as indicated by you on Schedule A. (See also sections V.e. and f. of the General Instructions preceding those for Schedule A.)

#### B. What to Show on the Form

Under identification of assets, identify the property or securities involved in the purchase, sale or exchange, and give the date of the transaction. For example, under IDENTIFICATION OF ASSETS... "GMC common stock"; under TYPE OF TRANSACTION... check type; under DATE... enter date transaction occurred; under AMOUNT OF TRANSACTION... check the category of value of the sale price, purchase price, or exchange value of the property involved in the transaction. You must also indicate whether an item was sold pursuant

to a certificate of divestiture issued by the Office of Government Ethics under 5 C.F.R. Part 2634, Subpart J, to permit delayed recognition of capital gain.

Where multiple transactions have occurred which involve the same asset, you may list the item once, check purchase and/or sale, and indicate... "biweekly," "throughout year," or other appropriate frequency, and the aggregate amount of the sales and purchases. Reporting an exchange generally requires reporting two items since one item is exchanged for another.

## II. Part II - Gifts, Reimbursements, and Travel Expenses

### A. General Instructions

**This Part is to be completed by incumbents and termination filers only.** The Act requires you to disclose the receipt of certain gifts, in-kind travel expenses, and travel-related cash reimbursements **by you, your spouse or dependent child** from any one source other than the U.S. Government. This reporting requirement applies to gifts and reimbursements received by your spouse or dependent child to the extent the gift was not given to him or her totally independent of the relationship to you.

### B. Items to Report

Report gifts received by **you, your spouse or dependent child** from any one source during the reporting period **aggregating more than \$260**, such as tangible items, or food, lodging, transportation, or entertainment; and travel-related cash reimbursements **aggregating more than \$260** from any one source. A "gift" means any payment, forbearance, advance, rendering or deposit of money, or anything of value, unless consideration of equal or greater value is received by the donor. In determining which gifts and reimbursements must be reported or aggregated, **exclude** these items:

1. Anything having a value of \$104 or less;

2. Anything received from "relatives." The term "relatives" means an individual who is your father, mother, son, daughter, brother, sister, uncle, aunt, great uncle, great aunt, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, your spouse's grandfather or grandmother, or your fiancé or fiancée;

3. Bequests and other forms of inheritance;

4. Suitable mementos of a function honoring the reporting individual;

5. Food, lodging, transportation, and entertainment or reimbursements provided by a foreign government within a foreign country or by the United States Government, or D.C., State or local governments;

6. Food and beverages not consumed in connection with a gift of overnight lodging;

7. Anything given to a spouse or dependent child totally independent of the relationship to you;

8. Gift items in the nature of communications to your office, such as subscriptions to newspapers and periodicals;

9. Gifts of hospitality (food, lodging, entertainment) on the donor's personal or family premises, as defined in 5 C.F.R. Part 2634;

10. Gifts and reimbursements received during non-Federal employment periods; and

11. Reimbursements you received for political trips which were required to be reported under section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. § 434).

### C. What to Show on the Form

**1. GIFTS - Report the identity of the source, a brief description, and the value** of gifts aggregating more than \$260 from any one source which were received by **you, your spouse or dependent child** and which do not fall within any of the categories of exclusions enumerated above.

**a. Food, Lodging, Transportation, Entertainment.** Include travel itinerary, dates, and nature of expenses provided. To reach a more than \$260 aggregation, you determine whether any one or combination of the components within this gift category received from one source amounts to more than \$260 in value. For example, if you spent a weekend at a hunting lodge owned by AmCoal Corporation, and you received lodging fairly valued at \$150, food valued at \$115, and entertainment valued at \$125, the aggregate value of the gift is \$390. A gift of this nature - hospitality at a lodge owned by a corporation rather than an individual - would not qualify as a "personal hospitality" exclusion. To report this gift you would show, under SOURCE ... "AmCoal Corp., 1210 North St., Chicago, IL"; under BRIEF DESCRIPTION... "lodging, food, and entertainment as a guest at hunting lodge owned by AmCoal, 1/25-27/99"; and under VALUE... "\$390."

**b. Other Gifts** - If you and your spouse each receive a \$175 figurine from the same donor (source), the gifts have a value of more than \$260 and must be reported. To report a gift, identify the source, briefly describe the item(s), and show the value. In the case of the figurines, report on the form under SOURCE... "Artifact Co., 153 Utah St., Omaha, NE"; and under BRIEF DESCRIPTION... "two porcelain figurines." Under VALUE... "\$350" would be shown.

**2. REIMBURSEMENTS - Report the source, a brief description (including a travel itinerary, dates, and the nature of expenses provided), and the value** of any cash reimbursements (except those from the United States Government or otherwise excluded) aggregating more than \$260 which **you, your spouse or dependent**

**child** received from any one source. For example, if you were reimbursed \$400 for travel and lodging expenses in connection with a speech you made for the Denver Realtors Association, you would report this item on the form by showing under SOURCE... "Denver Realtors Assoc., 45 Bridge St., Denver, CO"; under BRIEF DESCRIPTION... "travel expenses for speech made in Denver: United Airlines round trip from Washington, D.C. 1/22-23/00, \$275; Denver Airport Marriott, \$125"; and under VALUE... "\$400" would be shown. If your spouse made this speech and received the reimbursement totally independent of his or her relationship to you, no information for this item need be reported.

**Note:** If you receive food, transportation, lodging, and entertainment or a reimbursement of official travel expenses from a non-profit tax-exempt institution categorized by the IRS as one falling within the terms of 26 U.S.C. § 501(c)(3), you must report the name of the organization, a brief description of the in-kind services or the reimbursement and the value. If known, you may also wish to note the date you received the required written approval from your agency to accept such items. See 5 U.S.C. § 4111 and 5 C.F.R. Part 410, Subpart E. You do **not** have to report an official reimbursement received **by the agency** since it will not be received by you in your personal capacity (nor by your spouse or dependent child). See 31 U.S.C. § 1353 (or other agency statute) and 41 C.F.R. Chapter 304.

### Schedule C

#### I. Part I - Liabilities

##### A. General Instructions

The Act requires you to disclose certain of your financial liabilities. The examples on the form show how to report a mortgage on real estate the reporting individual held for the production of income and a promissory note. Note that you will need to disclose the date, interest rate and term (if applicable) of each liability. Also note you must disclose the highest amount owed on

any liability held during the reporting period, not just at the end of the period. If the liability was completely paid during the period, you may also note that on the form if you wish.

##### B. Items to Report

Identify and give the category of amount of the liabilities which **you, your spouse or dependent child** owed to any creditor which exceeded \$10,000 at any time during the reporting period, **except:**

1. a personal liability owed to a spouse or dependent child, or to a parent, brother, sister, or child of you, your spouse or dependent child;
2. a mortgage or home equity loan secured by real property which is the personal residence (or a second residence not used for producing income) of you or your spouse;
3. a loan secured by a personal motor vehicle, household furniture, or appliances, where the loan does not exceed the purchase price of the item;
4. a revolving charge account where the outstanding liability did not exceed \$10,000 as of the close of the reporting period; and
5. any liability of your spouse or dependent child which represents the sole financial interest or responsibility of the spouse or child, and about which you have no knowledge, and which is not derived from your income, assets, or activities, and concerning which you neither derive nor expect to derive any financial or economic benefit.

You are required to report any liability of any non-public company, investment pool, or other entity, in which you, your spouse or dependent child have an interest, unless (1) the liability is incidental to the primary trade or business of the entity as indicated by you on Schedule A, or (2) the entity is an excepted investment fund. (See also

sections V.e. and f. of the General Instructions preceding those for Schedule A.)

### C. What to Show on the Form

Under CREDITORS (NAME AND ADDRESS), show the name and address of the actual creditor unless the reporting individual is only able to identify a fiduciary and certifies in the report that he has made a good faith effort to determine who the actual creditor is and was unable to do so, or upon his certification that such determination is otherwise impracticable. Under TYPE OF LIABILITY, briefly indicate the nature of the liability. Under DATE, enter date loan incurred; under INTEREST RATE, note the set rate or, if a variable one, the formula used to vary the rate, i.e. prime +2%; and under TERM, show the duration of the loan. Check the category of value for the highest amount owed during the reporting period.

## II. Part II - Agreements or Arrangements

### A. General Instructions and Items to Report

Provide information regarding any agreements or arrangements you have concerning (1) future employment; (2) a leave of absence during your period of Government service; (3) continuation of payments by a former employer other than the United States Government; and (4) continuing participation in an employee welfare or benefit plan maintained by a former employer other than United States Government retirement benefits. This includes any agreements or arrangements with a future employer entered into by a termination filer. The example on the form shows the severance agreement under which the reporting individual expects to receive a lump sum payment from the law firm he has left in order to enter the Government. (Also note the related asset and income reported in the second example on Schedule A of the form.)

For purposes of public disclosure, you must disclose any negotiations for future employment from the point you and a potential non-Federal employer have agreed to your future employment by that employer whether or not you have settled all of the terms, such as salary, title, benefits, and date employment is to begin. Your agency may require internal disclosure of negotiations much earlier and you should seek guidance before conducting any negotiations with persons with whom you do business. A criminal statute, 18 U.S.C. § 208, applies to official actions you may take while negotiating future employment.

### B. What to Show on the Form

Under STATUS AND TERMS, describe the agreement or arrangement with appropriate specificity. Under PARTIES, show the name of the organization, or entity, and (if applicable) the name and title of the official, corporate officer, or principal person responsible for carrying out the terms of the agreement or arrangement. Under DATE, show the date of any such arrangement. **No report is required regarding any agreement or arrangement entered into by a spouse or dependent child.**

## Schedule D

### I. Part I - Outside Positions

#### A. Items to Report

Report all outside positions held at any time during the reporting period, as well as those positions you currently hold as an officer, director, trustee, general partner, proprietor, representative, employee or consultant of (1) any corporation, company, firm, partnership, trust, or other business enterprise; (2) any non-profit organization; (3) any labor organization; (4) any educational institution; or (5) any organization other than the United States Government. **Exclude** positions held in any

religious, social, fraternal, or political entity, and any positions solely of an honorary nature. Be sure to report on Schedule A any income over \$200 that you received from acting in any of these positions. **No report is required regarding any positions held by your spouse or dependent child.**

### B. What to Show on the Form

Give the name, address and brief description (type) of the organization, the title or other brief functional description of the position, and the dates you held the position. If you currently hold the position, in the entry block under TO, note "Present."

## II. Part II - Compensation in Excess of \$5,000 Paid by One Source

### A. General Instructions

**This Part is to be completed by nominees and new entrants only.** You must disclose your sources of compensation in excess of \$5,000 and the nature of the duties you provided. This includes not only the source of your salary or other fees, but the disclosure of clients for whom you personally provided more than \$5,000 in services even though the clients' payments were made to your employer, firm or other business affiliation. The examples on the form show the proper way to disclose the business affiliation which paid the reporting individual's compensation, in this case a law firm, and a client of the firm for which the reporting individual personally provided over \$5,000 worth of services. This Part does not require you to disclose the value of the compensation for these services; it does require a brief description of the services you provided. When a source has paid you directly, you should have a corresponding entry on Schedule A if the payment was within the reporting period for Schedule A. A client who paid your business affiliation more than \$5,000 for your services will appear only in this Part.

## B. Items to Report

Report the nature of the duties performed or services rendered for any person (other than the United States Government) from which compensation in excess of \$5,000 in either of the two preceding calendar years or the present calendar year was received by you or an entity which billed for your services (business affiliation). **Exclude:** (1) information to the extent that it is considered confidential as a result of a privileged relationship established by law, or (2) information about persons for whom services were provided by a business affiliation of which you were a member, partner or employee unless you were directly involved in the provision of the services. The name of a client of a law firm is not generally considered confidential. **No report is required regarding compensation paid to your spouse or a dependent child.**

## C. What to Show on the Form

Under SOURCE, give the name and address of the person to whom services were provided, for example, "Newark Real Estate Co. (Newark, NJ)"; and under BRIEF DESCRIPTION, the title or other brief functional description of the services rendered, for example: "tax matters researched for above firm while an associate with Quinn and Ouspensky."

## Privacy Act Statement

Title I of the Ethics in Government Act of 1978, as amended (the Act), 5 U.S.C. app. § 101 et seq., and 5 C.F.R. Part 2634 of the Office of Government Ethics regulations require the reporting of this information. The primary use of the information on this report is for review by Government officials to determine compliance with applicable Federal laws and regulations. This report may

also be disclosed upon request to any requesting person pursuant to section 105 of the Act or as otherwise authorized by law. You may inspect applications for public access of your own form upon request. Additional disclosures of the information on this report may be made: (1) to a Federal, State, or local law enforcement agency if the disclosing agency becomes aware of a violation or potential violation of law or regulation; (2) to a court or party in a court or Federal administrative proceeding if the Government is a party or in order to comply with a judge-issued subpoena; (3) to a source when necessary to obtain information relevant to a conflict of interest investigation or decision; (4) to the National Archives and Records Administration or the General Services Administration in records management inspections; (5) to the Office of Management and Budget (OMB) during legislative coordination on private relief legislation; and (6) in response to a request for discovery or for the appearance of a witness in a pending judicial or administrative proceeding, if the information is relevant to the subject matter. See also the OGE/GOVT-1 executive branchwide Privacy Act system of records. Knowing and willful falsification of information, or failure to file or report information required to be reported by section 102 of the Act, may subject you to a civil monetary penalty and to disciplinary action by your employing agency or other appropriate authority under section 104 of the Act. Knowing and willful falsification of information required to be filed by section 102 of the Act may also subject you to criminal prosecution.

## Public Burden Information

This collection of information is estimated to take an average of three hours per response, including time for reviewing the instructions, gathering the data needed, and completing the form. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Associate Director for Administration,

U.S. Office of Government Ethics (OGE), Suite 500, 1201 New York Avenue, NW., Washington, DC 20005-3917. **Do not** file financial disclosure reports at this address; submit them as indicated in "Where to File" on page 3.

Pursuant to the Paperwork Reduction Act, as amended, an agency may not conduct or sponsor, and no person is required to respond to, a collection of information unless it displays a currently valid OMB control number (that number, 3209-0001, is displayed here and in the upper right-hand corner of the first page of this Standard Form 278).

## Important Note on Reporting of Higher-Value Category Items on Schedules A, B and C of the SF 278:

For assets, income, transactions and liabilities of over \$1,000,000 in value that are held solely by your spouse or dependent children, just mark the over \$1,000,000 column. For such items which you as the filer hold, either singly or jointly with your spouse or dependent children, you must mark the other higher categories of value, as appropriate. For assets, transactions and liabilities, the higher categories are \$1,000,001 to \$5,000,000; \$5,000,001 to \$25,000,000; \$25,000,001 to \$50,000,000; and over \$50,000,000. For income, the higher categories are \$1,000,001 to \$5,000,000; and over \$5,000,000. Asterisked notes on Schedules A, B, and C explain these higher-value category reporting requirements.



## Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT

Date of Appointment, Candidacy, Election, or Nomination (Month, Day, Year)	Reporting Status (Check Appropriate Boxes)	Incumbent <input type="checkbox"/>	Calendar Year Covered by Report	New Entrant, Nominee, or Candidate <input type="checkbox"/>	Termination Filer <input type="checkbox"/>	Termination Date (If Applicable) (Month, Day, Year)	<b>Fee for Late Filing</b> Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period, shall be subject to a \$200 fee.
Reporting Individual's Name	Last Name		First Name and Middle Initial				
Position for Which Filing	Title of Position		Department or Agency (If Applicable)				
Location of Present Office (or forwarding address)	Address (Number, Street, City, State, and ZIP Code)				Telephone No. (Include Area Code)		
Position(s) Held with the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held						
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination				Do You Intend to Create a Qualified Diversified Trust? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Certification	Signature of Reporting Individual				Date (Month, Day, Year)		
Other Review (If desired by agency)	Signature of Other Reviewer				Date (Month, Day, Year)		
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official				Date (Month, Day, Year)		
Office of Government Ethics Use Only	Signature				Date (Month, Day, Year)		
Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)							
(Check box if filing extension granted & indicate number of days _____) <input type="checkbox"/>							
(Check box if comments are continued on the reverse side) <input type="checkbox"/>							
<b>Agency Use Only</b>							
<b>OGE Use Only</b>							

Reporting Individual's Name		SCHEDULE A												Page Number																			
Assets and Income		Valuation of Assets at close of reporting period										Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item.																					
BLOCK A		BLOCK B										BLOCK C																					
Type		Amount										Date (Mo., Day, Yr.) Only if Honoraria																					
For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period, or which generated more than \$200 in income during the reporting period, together with such income.		For yourself, also report the source and actual amount of earned income exceeding \$200 (other than from the U.S. Government). For your spouse, report the source but not the amount of earned income of more than \$1,000 (except report the actual amount of any honoraria over \$200 of your spouse).																															
None <input type="checkbox"/>		None (or less than \$1,000)	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000*	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000	Excepted Investment Fund	Qualified Trust	Dividends	Rent and Royalties	Interest	Capital Gains	None (or less than \$201)	\$201 - \$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$1,000,000	Over \$1,000,000*	\$1,000,001 - \$5,000,000	Over \$5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria	
Examples	Central Airline Company				X																												
	Disposals & Smith, New Haven, State																																
	Tempstone Equity Fund																																
	IRA: Investment 500 Index Fund																																
1																																	
2																																	
3																																	
4																																	
5																																	
6																																	

\* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Other Entries Cannot Be Used.

Prior Editions Cannot Be Used.

Do not complete Schedule B if you are a new entrant, nominee, or Vice Presidential or Presidential Candidate

Reporting Individual's Name	<b>SCHEDULE B</b>	Page Number
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**Part I: Transactions**

Report any purchase, sale, or exchange by you, your spouse, or dependent children during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded \$1,000. Include transactions that resulted in a loss.

Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

None ☐

Transaction Type (s)	Date (Mo., Day, Yr.)	Amount of Transaction (x)										Certificate of Divestiture
		\$1,001 - \$25,000	\$25,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	\$1,000,001 - \$2,500,000	\$2,500,001 - \$5,000,000	\$5,000,001 - \$10,000,000	\$10,000,001 - \$25,000,000	
Example: General Airline Common	2/1/99	x										
1												
2												
3												
4												
5												

\*This category applies only if the underlying asset is solely that of the filer's spouse or dependent children. If the underlying asset is either held by the filer or jointly held by the filer with the spouse or dependent children, use the other higher categories of value, as appropriate.

**Part II: Gifts, Reimbursements, and Travel Expenses**

For you, your spouse and dependent children, report the source, a brief description, and the value of: (1) gifts (such as tangible items, transportation, lodging, food, or entertainment) received from one source totaling more than \$260; and (2) travel-related cash reimbursements received from one source totaling more than \$260. For conflicts analysis, it is helpful to indicate a basis for receipt, such as personal friend, agency approval under 5 U.S.C. § 4111 or other statutory authority, etc. For travel-related gifts and reimbursements, include travel itinerary, dates, and the nature of expenses provided. Exclude anything given to you by the U.S. Government; given to your agency in connection with official travel; received from relatives; received by your spouse or dependent child totally independent of their relationship to you; or provided as personal hospitality at the donor's residence. Also, for purposes of aggregating gifts to determine the total value from one source, exclude items worth \$104 or less. See instructions for other exclusions.

None ☐

Source (Name and Address)	Brief Description	Value
Example: PAC/Am. of Radio/Collectors, N.E. ME P.O. Box 100, New Portland, ME	Airline ticket, hotel room & meals incident to national conference 8/15/99 (personal activity unrelated to duty)	\$500
Example: Pacific Coast, San Francisco, CA	Leather jacket (personal friend)	\$100
1		
2		
3		
4		
5		

Four Abbrevs. Cannot Be Used.

Do not complete Schedule B if you are a new entrant, nominee, or Vice Presidential or Presidential Candidate

Reporting Individual's Name		<b>SCHEDULE B continued</b> (Use only if needed)						Page Number		
<b>Part I: Transactions</b>										
Identification of Assets		Transaction Type (a)			Amount of Transaction (b)					
		Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	\$1,000 - \$12,500	\$12,500 - \$25,000	\$25,000 - \$50,000	\$50,000 - \$100,000	Over \$100,000
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										

\*This category applies only if the underlying asset is solely that of the filer's spouse or dependent children. If the underlying asset is either held by the filer or jointly held by the filer with the spouse or dependent children, use the other higher categories of value, as appropriate.

Other Editions Cannot Be Used.

Reporting Individual's Name	<b>SCHEDULE C</b>	Page Number
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**Part I: Liabilities**  
Report liabilities over \$10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. **Exclude**

a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None ☐

Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (x)										
					\$10,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000
<b>Example:</b> First District Bank, Washington, DC John Jones, 123 1st, Washington, DC	Mortgage on rental property, Delaware	1991	8%	25 yrs.			x								
	Primarily note	1999	7%	on demand					x						
1															
2															
3															
4															
5															

\*This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer, with the spouse or dependent children, mark the other higher categories, as appropriate.

**Part II: Agreements or Arrangements**  
Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g., pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves

of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☐

Status and Terms of any Agreement or Arrangement	Parties	Date
<b>Example:</b> Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
1		
2		
3		
4		
5		
6		

Reporting Individual's Name	<b>SCHEDULE D</b>	Page Number																																																						
<b>Part I: Positions Held Outside U.S. Government</b> Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature. <div style="text-align: right;">None <input type="checkbox"/></div>																																																								
<table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr><th style="width: 5%;"></th><th style="width: 40%;">Organization (Name and Address)</th><th style="width: 20%;">Type of Organization</th><th style="width: 20%;">Position Held</th><th style="width: 10%;">From (Mo., Yr.)</th><th style="width: 10%;">To (Mo., Yr.)</th></tr></thead><tbody><tr><td style="text-align: center;">Examples</td><td>Nat'l Assn. of Rock Collectors, NY, NY</td><td>Non-profit education</td><td>President</td><td>6/92</td><td>Present</td></tr><tr><td></td><td>Doe Jones &amp; Smith, Hometown, State</td><td>Law firm</td><td>Partner</td><td>7/85</td><td>1/00</td></tr><tr><td style="text-align: center;">1</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td style="text-align: center;">2</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td style="text-align: center;">3</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td style="text-align: center;">4</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td style="text-align: center;">5</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td style="text-align: center;">6</td><td></td><td></td><td></td><td></td><td></td></tr></tbody></table>				Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)	Examples	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present		Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00	1						2						3						4						5						6					
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<b>Part II: Compensation in Excess of \$5,000 Paid by One Source</b> Report sources of more than \$5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than \$5,000. You need not report the U.S. Government as a source. <div style="text-align: right;">None <input type="checkbox"/></div> <div style="text-align: right; font-size: small;">Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate.</div>																																																								
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Prior Editions Cannot Be Used.

## APPENDIX F. ETHICS RESOURCES

### Appendix II Ethics Resource Materials

#### VHS Videotapes

The following videos are offered through **INFOCUS**, 341 Victory Drive, Herndon, VA 20170. Telephone: 703-834-0100. A shipping and handling fee based on the number of tapes ordered and preferred shipment option will be added to the order.

##### **Ethics Inquiry**

This 45-minute video explores various standards of conduct issues using a broadcast-quality news magazine format. News "anchors" in Los Angeles and Washington host four field reporters, each of whom provides an in-depth look at different ethics topics while bringing a unique and sometimes humorous approach to their coverage. The result is an educational, interesting and even entertaining program for any level of employee. The program is divided into four segments with each segment devoted exclusively to one of the following topics: gifts from outside sources, gifts between employees, conflicting financial interests and impartiality issues. These segments can be shown separately or collectively, depending upon an agency's needs and interests. Video is closed-captioned. Price: \$3.75.

##### **The Battle for Avery Mann**

This 20-minute video is the story of an average executive branch employee's struggles with the rules governing everyday conduct. Throughout the story, Avery is faced with different dilemmas including using Government equipment for personal documents, accepting a gift from a subordinate and working on a project that involves his outside employer. Avery finds himself caught between what he knows is the right thing to do and what may not be right but would be more convenient or beneficial to him. Video is closed-captioned. Price: \$3.10.

##### **The Revolving Door**

This 20-minute video is a news show that addresses the issues surrounding the seeking employment and post-employment restrictions on executive branch employees. Throughout the show periodic updates are provided by a

reporter covering a Congressional Hearing on Capitol Hill focused on one employee's possible violation of the post-employment law. Video is closed-captioned. Price: \$3.10.

The following videos may be ordered through the **National Technical Information Service**, 5285 Port Royal Road, Springfield, VA 22161. Telephone sales desk: 703-605-6000. A shipping fee will be added to all orders. The amount of the fee is determined by the total value of your order.

##### **Integrity in Public Service: Earning the Public's Trust**

This 20-minute video uses vignettes to briefly outline the statutes and regulations governing employee conduct. An on-screen narrator provides commentary on the vignettes to clarify particular points. It may be used either with an instructor present or as a stand-alone training tool. Video is closed-captioned. Order number: AVA19802-VNB1. Price: \$55.00.

##### **Guide to the Standards of Ethical Conduct**

This 50-minute video is intended to be used as an aid for ethics officials in educating themselves about the Standards of Ethical Conduct for Employees of the Executive Branch (Standards). It is divided into three sections, each of which summarizes the major provisions of a portion of the Standards. An accompanying study guide contains a brief summary of each subpart and rule. Order number: PB93-780005. Price: \$40.00.

An audio tape of the **Guide to the Standards of Ethical Conduct** is also available. Order number: PB93-781409. Price: \$12.50.

##### **The Ethical Choice: Ethics for Special Government Employees**

This 20-minute video follows three Special Government Employees (SGE) through many of the ethical hurdles they face in the course of their Government service. While the video focuses on SGEs, it also addresses many of the rules applicable to all executive branch employees. Video is closed-captioned. Order number: AVA19673-VNB1. Price: \$45.00.



**Public Financial Disclosure: A Closer Look**

This 15-minute video explores the need for high-level executive branch officials to file a public financial disclosure report (SF 278) and emphasizes the importance of completing the report accurately and completely. Video is closed-captioned. Order number: AVA19788-VNB1. Price: \$50.00.

**The Ethics CD-ROM**

The Ethics CD-ROM may be ordered through the Government Printing Office (GPO), Superintendent of Documents' order line at 202-512-1800, or by accessing the GPO Web site at [www.access.gpo.gov/su\\_docs/sale/sale330.html](http://www.access.gpo.gov/su_docs/sale/sale330.html).

NOTE: *The Ethics CD-ROM* is published biannually in January and July. Each subsequent issue contains all information from previous issues and incorporates new material available since the last publication date.

**The Ethics CD-ROM**

This is a multimedia searchable collection of Federal executive branch ethics laws, Executive orders, regulations, advisory opinions, policy memoranda (DAEOgrams), Federal Register notices, and ethics program administration aids. It includes the Office of Government Ethics' (OGE) publications: *A Brief Wrap on Ethics*, *Take the High Road, Do It Right*, the public and confidential financial disclosure review guides and the new OGE pamphlets.

This CD-ROM previews sample video and audio clips from each of the OGE ethics videos: *Ethics Inquiry*; *The Battle for Avery Mann*; *The Revolving Door*; *The Ethical Choice: Ethics for Special Government Employees*; *Public Financial Disclosure: A Closer Look*; *Integrity in Public Service: Earning the Public's Trust*; and *Guide to the Standards of Ethical Conduct for Employees of the Executive Branch*. Each video clip lasts three to four minutes and includes complete ordering and pricing information.

Although the CD-ROM is capable of running on either a DOS- or Windows-based personal computer (PC), a Windows-based PC with a sound card is necessary to view the video clips. Price: \$49.00 for annual subscription (two issues).

**Interactive Computer Ethics Training**

This ethics game can be downloaded from the OGE Web site at [www.usoge.gov](http://www.usoge.gov). You may also obtain a copy from the OGE Ethics Information Center by contacting Tonda King at 202-208-8000, extension 1229. The game can be distributed and installed on an unlimited number of computers in any agency.

**Gameshow.P.A.L.®**

This ethics game is the first in a series of new interactive computerized ethics training games available from OGE. This game consists of 25 ethics questions based on an overview of the ethics regulations and statutes. The questions are presented in Jeopardy®-style format and intended to challenge the player's thinking. Players can compete against themselves or other players at a computer workstation. The game is preset at 20 minutes for a single round and includes a bonus and a final question. A running tally is kept of the score as players gain or lose points with their answers. There is no limit to the number of times that an employee may play the game.

**Reference Publications**

These OGE reference publications are available in Adobe Acrobat's PDF file format from The Ethics CD-ROM or the OGE Web site at [www.usoge.gov](http://www.usoge.gov).

**Standards of Ethical Conduct for Employees of the Executive Branch**

This booklet presents the Standards in an easy-to-read format and incorporates all amendments through September 17, 1997.

**Standards of Ethical Conduct for Employees of the Executive Branch**

This booklet is also available in Spanish but does not incorporate amendments through September 17, 1997. The amendments are available in Spanish as a separate document.

**Informal Advisory Letters and Memoranda and Formal Opinions of the U.S. Office of Government Ethics 1979-1988**

A complete collection of all OGE opinions issued between 1979 and 1988.

**Supplement to the Informal Advisory Letters and Memoranda and Formal Opinions of the U.S. Office of Government Ethics 1989**

A complete collection of all OGE opinions issued in 1989.

**Supplement to the Informal Advisory Letters and Memoranda and Formal Opinions of the U.S. Office of Government Ethics 1990**

Includes all OGE opinions issued in 1990 as well as an index to the 1990 opinions.

**Supplement to the Informal Advisory Letters and Memoranda and Formal Opinions of the U.S. Office of Government Ethics 1991-1992**

Includes OGE guidance issued in 1991 and 1992, a new index for the guidance issued from 1990 through 1992, and a corrected version of the index for the guidance issued from 1979 through 1989.

**Supplement to the Informal Advisory Letters and Memoranda and Formal Opinions of the U.S. Office of Government Ethics 1993**

Includes OGE guidance issued in 1993 and a new index for the guidance issued from 1990 through 1993.

**Supplement to the Informal Advisory Letters and Memoranda and Formal Opinions of the U.S. Office of Government Ethics 1994**

Includes OGE guidance issued in 1994, a new index for the guidance issued from 1990 through 1994, and labels for the first two volumes of OGE guidance.

**Supplement to the Informal Advisory Letters and Memoranda and Formal Opinions of the U.S. Office of Government Ethics 1995**

Includes OGE guidance issued in 1995, and a new index for the guidance issued from 1990 through 1995. Printed copies are still currently available and may be ordered through the Government Printing Office (GPO), Superintendent of Documents' order line, 202-512-1800. Stock number: 052-003-01462-9. Price: \$6.50.

**Public Financial Disclosure: A Reviewer's Reference**

This is a loose-leaf 300-page reference manual for reviewers of Standard Form 278. It contains an introduction to the public financial disclosure system, the procedures and mechanics of review and conflict resolution, summaries of applicable ethics laws and regulations, sample SF 278 entries, model letters and documents related to the review process, and case studies. Printed copies are still currently available and may be ordered through the Government Printing Office (GPO), Superintendent of Documents' order line, 202-512-1800. Stock number: 052-003-01458-1. Price: \$26.00.

**OGE Form 450: A Review Guide**

This bound 60-page reference guide is designed for anyone who reviews the OGE Form 450 or administers agency confidential financial disclosure systems. The guide presents an overview of the confidential financial disclosure system and the specific requirements of the OGE Form 450. The guide includes appropriate reference materials and guidance on conducting effective reviews.

**Booklets**

These booklets are provided in Adobe Acrobat's PDF file format and are available on The Ethics CD-ROM or the OGE Web site at [www.usoge.gov](http://www.usoge.gov). Printed copies of the booklets are still currently available and may be ordered through the Government Printing Office (GPO), Superintendent of Documents' order line, 202-512-1800.

### Do It Right

This 35-page booklet provides a detailed summary of the conflict of interest statutes and the standards of ethical conduct as they apply to executive branch employees. The booklet uses examples to promote reader comprehension. Stock number: 052-003-01359-2. Price: \$3.25.

### Take the High Road

This 22-page booklet provides an intermediate level summary of the ethics laws and regulations. It uses a question-and-response format, as well as examples, to help the reader understand the material. Stock number: 052-003-01355-0. Price: \$3.00.

### A Brief Wrap on Ethics

This 20-page booklet provides an easy-to-read, anecdotal treatment of some of the basic ethics laws and regulations. It uses simple examples to facilitate reader understanding. Stock number: 052-003-01401-7. Price: \$2.00.

### Pamphlets

These pamphlets are provided in Adobe Acrobat's PDF file format and are available on The Ethics CD-ROM or the OGE Web site at [www.usoge.gov](http://www.usoge.gov). If you would like a camera-ready copy of these pamphlets, please contact Sonya Hall at 202-208-8000, extension 1138 or Angelique Ewell, extension 1111.

### Conflicts of Interest and Government Employment

This pamphlet provides a short discussion of the basic conflict of interest laws and regulations and focuses on the exemptions to 18 U.S.C. § 208 recently published by OGE at 5 C.F.R. part 2640.

### Gifts of Travel and Other Benefits

This pamphlet provides a simple comparative chart that will be useful in analyzing key authorities available for accepting gifts of travel in connection with official duties.

### Rules for the Road

This pamphlet provides brief summaries of 18 U.S.C. § 207, 18 U.S.C. § 203 and the new "procurement integrity" law, and alerts employees to some other possible sources of post-employment restrictions.

### U.S. Office of Government Ethics

This pamphlet provides a brief description of the history, structure and responsibilities of the U.S. Office of Government Ethics.

### Posters

Posters may be ordered by contacting the UNICOR Federal Prison Industries Customer Service Center at 1-800-827-3168 or by sending an SF 1 or purchase order to Danny Faulconer, Graphics Coordinator, Graphics Order Processing, Customer Service Center, P.O. Box 13640, Lexington, KY 40583-3640. If using the Government IMPAC credit card, please call 1-800-827-3168.

Posters are sold ONLY in increments of 10. Please specify by name which poster you are ordering. Estimate shipping costs to be approximately 15 percent of the total order.

Both posters are two-color on white coated text stock.

### Code of Ethics

This 12x16 inch poster, lists the 14 points of the Standards of Conduct. Order number: QSFPI0110. Price: \$31.50 for 10 posters.

### Ethics is the Cornerstone of Government Service

This 10x14 inch poster, symbolizes strength through ethics, and contains an allocated space for your agency to add the name and phone number of its Designated Agency Ethics Official. Order number: QSFPI0111. Price: \$26.50 for 10 posters.

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